

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR
IMMEDIATE ATTENTION.**

*A copy of this document has been delivered for registration to the Registrar of Companies in
England and Wales.*

DnC

Den norske Creditbank

Proposals for an issue of
PRIMARY CAPITAL PERPETUAL FLOATING RATE NOTES

to the holders of

**U.S. \$150,000,000 PERPETUAL FLOATING RATE
SUBORDINATED NOTES**

in exchange for such latter Notes and by way of cash subscription

Adviser on the proposals

MORGAN STANLEY INTERNATIONAL

Under the offer to subscribe, up to U.S. \$150,000,000 in principal amount of Primary Capital Perpetual Floating Rate Notes may be issued at a price of U.S. \$9,915 per U.S. \$10,000 in principal amount of such notes subscribed.

To vote on the exchange proposal, you should ensure (if you are the holder of Notes in bearer form) that your voting instructions are received not later than 11.30 a.m. (London time) on 30th October, 1985 or (if you are the holder of Notes in registered form) that your form of proxy is received not later than 11.30 a.m. (London time) on 31st October, 1985; in the case of holders of Notes in bearer form in Euro-clear or Cedel, voting instructions should be notified to the operators of those clearance systems not later than 10.00 a.m. (Brussels time) on 29th October, 1985.

Acceptances of the offer to subscribe should be received not later than 11.30 a.m. (London Time) on 30th October, 1985; in the case of holders of Notes in bearer form in Euro-clear or Cedel, acceptances should be notified to the operators of those clearance systems not later than 10.00 a.m. (Brussels time) on 29th October, 1985.

**THIS DOCUMENT IS NOT TO BE DELIVERED OR DISTRIBUTED IN THE
UNITED STATES OR ITS TERRITORIES OR POSSESSIONS.**

The Primary Capital Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") and (i) neither voting instructions nor proxies relating to the exchange offer are being solicited in the United States or in respect of Notes beneficially owned by U.S. persons and (ii) the offer to subscribe is not being made in the United States or to U.S. persons. Primary Capital Notes may not be offered, sold or delivered, directly or indirectly, in the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act. DnC makes no representation as to, and assumes no responsibility for, the availability of any such exemption. See "U.S. persons" on page 5 below for further information on restrictions upon offers and sales in the United States and to U.S. persons.

DEFINITIONS

In this document, the following words and expressions have, unless the context otherwise requires, the meanings set out opposite them below:—

"DnC" or the "Bank"	Den norske Creditbank
"Notes"	the existing issued U.S.\$150,000,000 Perpetual Floating Rate Subordinated Notes of DnC.
"Bearer Notes"	Notes in bearer form.
"Registered Notes"	Notes in registered form.
"Registrar"	the registrar in respect of the Registered Notes and the Primary Capital Notes in registered form mentioned at the end of this document.
"Noteholders"	the holders of the Notes.
"Primary Capital Notes"	the Primary Capital Perpetual Floating Rate Notes of DnC proposed to be issued pursuant to the exchange proposal and/or the offer to subscribe.
"Credit Notes"	the credit notes of DnC proposed to be issued in connection with the exchange proposal.
"Resolution"	the extraordinary resolution of Noteholders contained in the Notice of Meeting, a copy of which is set out in Appendix VI, to be proposed at the Meeting.
"Meeting"	the meeting of Noteholders convened pursuant to the aforesaid Notice of Meeting.
"Exchange Date"	15th November, 1985.
"exchange proposal"	the proposal referred to herein by DnC to exchange all of the Notes for Primary Capital Notes and Credit Notes.
"offer to subscribe"	the offer referred to herein by DnC to issue further Primary Capital Notes to the Noteholders at an issue price of \$9,915 per \$10,000 in principal amount of Primary Capital Notes subscribed.
"dollars", "U.S.\$" and "\$"	currency of the United States.
"kroner" and "NOK"	Norwegian kroner.
"Euro-clear"	the Euro-clear System.
"Euro-clear Operator"	Morgan Guaranty Trust Company of New York, Brussels office, as operator of Euro-clear.
"Cedel"	Cedel S.A.
"Common Depositary"	Morgan Guaranty Trust Company of New York, London office, as common depositary for the Euro-clear Operator and Cedel.
"U.S. person"	any national or resident of the United States, including the estate of any such person, and any corporation or other entity organised under the laws thereof or of any political sub-division thereof.
"United States"	the United States of America and its territories and possessions.

To the Noteholders

4th October, 1985

Dear Noteholder,

The exchange proposal

You may have seen in the financial press notice of the proposal to exchange the Notes for a new issue of Primary Capital Notes.

The terms of the exchange proposal are that DnC will exchange, subject to the terms and conditions set out in this document, all of the Notes on the following basis:—

For every \$10,000 principal amount of Notes	\$10,000 principal amount of Primary Capital Notes and a Credit Note for \$80.
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A Meeting of Noteholders has been convened for 1st November, 1985 at which a Resolution will be proposed to sanction the exchange proposal. If passed, the Resolution will be binding on all Noteholders (and all holders of coupons and talons appertaining to the Notes) whether or not present at the Meeting or voting on the Resolution and the whole issue of Notes will be exchanged, with effect from the Exchange Date, for Primary Capital Notes and Credit Notes.

The exchange proposal is conditional upon:—

- (i) the Resolution being passed at the Meeting on 1st November, 1985; and
- (ii) the Luxembourg Stock Exchange having agreed to list the Primary Capital Notes (subject to issue) not later than 1st November, 1985.

The Primary Capital Notes will be represented initially by a temporary global note which will be deposited with the Common Depositary on the Exchange Date and Primary Capital Notes in definitive form are expected to be available on and after 31st January, 1986 upon certification as to the beneficial ownership thereof as provided below. The Credit Notes will be represented by a global credit note which will be deposited with the Common Depositary on the Exchange Date and Credit Notes in definitive form will not be issued.

The next interest payment date for the Notes is 15th November, 1985 and all interest accrued to that date on the Notes will be paid by DnC in accordance with the terms and conditions thereof. If the exchange proposal becomes effective, interest will cease to accrue on the Notes thereafter.

The quorum at the Meeting on 1st November, 1985 will be two or more persons holding Notes or voting certificates or being proxies or representatives and being or representing in the aggregate a clear majority in principal amount of the Notes for the time being outstanding. If a quorum is not so present, the exchange proposal will lapse.

In order to be passed, the Resolution must be carried by a majority consisting of not less than three-fourths of the votes cast thereon in accordance with the provisions of the Trust Deed constituting the Notes.

To vote on the exchange proposal, holders of Bearer Notes should ensure that their voting instructions are received not later than 11.30 a.m. (London time) on 30th October, 1985 and holders of Registered Notes should ensure that their forms of proxy are received not later than 11.30 a.m. (London time) on 31st October, 1985; holders of Bearer Notes in Euro-clear or Cedel should notify the operators of those clearance systems of their voting instructions by not later than 10.00 a.m. (Brussels time) on 29th October, 1985. Further details of the relevant procedures are set out below.

Further terms of the exchange proposal are set out in Appendix I.

The offer to subscribe

The terms of the offer to subscribe are that DnC offers Noteholders, subject to the terms and conditions set out in this document, the right to subscribe for additional Primary Capital Notes at the rate of either \$10,000 principal amount of Primary Capital Notes or (at the option of each Noteholder) \$5,000 principal amount of Primary Capital Notes for each \$10,000 principal amount of Notes held (but so that only Primary Capital Notes having a principal amount of \$10,000 or an integral multiple thereof will be allotted to any Noteholder pursuant to the offer to subscribe) at an issue price of \$9,915 per \$10,000 in principal amount of Primary Capital Notes subscribed.

The offer to subscribe is conditional upon the exchange proposal becoming effective. In addition, DnC reserves the right to withdraw the offer to subscribe (in which event any acceptances thereof will become void) by notice given to the Noteholders if the offer to subscribe is not accepted in respect of \$75,000,000 or more in principal amount of Primary Capital Notes.

Primary Capital Notes issued in respect of the offer to subscribe will be issued on 15th November, 1985 against payment therefor and will be represented initially by the temporary global note referred to above. The primary market payment against delivery procedures recommended by the Association of International Bond Dealers will apply in respect thereof.

To accept the offer to subscribe, Noteholders should do so not later than 11.30 a.m. (London time) on 30th October, 1985; holders of Bearer Notes in Euro-clear or Cedel should notify the operators of those clearance systems of such acceptance not later than 10.00 a.m. (Brussels time) on 29th October, 1985. Further details of the procedure for acceptance are set out below.

Further terms of the offer to subscribe are set out in Appendix II.

Action to be taken by Noteholders not holding in Euro-clear or Cedel

If you wish to vote on the exchange proposal, you should complete and sign the Form of Voting Instruction enclosed in accordance with the instructions printed thereon (which instructions shall be deemed to be part of the exchange proposal) and deliver the completed Form:—

- (i) if you are the holder of Bearer Notes, together with your Notes (and all unmatured coupons and talons appertaining thereto including coupon no. 4 due on 15th November, 1985) at the specified office of one of the Paying Agents named on the Form of Voting Instruction not later than 11.30 a.m. (London time) on 30th October, 1985; and
- (ii) if you are the holder of Registered Notes, together with your Notes at the specified office of one of the Paying Agents named on the Form of Voting Instruction not later than 11.30 a.m. (London time) on 31st October, 1985.

To accept the offer to subscribe, you must complete and sign the Form of Acceptance enclosed in accordance with the instructions printed thereon (which instructions shall be deemed to be part of the offer to subscribe) and deliver the completed Form:—

- (i) if you are the holder of Bearer Notes, together with your Notes (and all unmatured coupons and talons appertaining thereto including coupon no. 4 due on 15th November, 1985) at the specified office of one of the Paying Agents named on the Form of Acceptance not later than 11.30 a.m. (London time) on 30th October, 1985; and
- (ii) if you are the holder of Registered Notes, together with your Notes at the specified office of one of the Paying Agents named on the Form of Acceptance not later than 11.30 a.m. (London time) on 30th October, 1985.

Notes deposited in acceptance of the offer to subscribe may not be withdrawn from the relevant Paying Agent on or prior to the Exchange Date or (if the offer to subscribe does not become unconditional or is withdrawn) prior to 8th November, 1985.

It should be noted that voting on the exchange proposal and acceptance of the offer to subscribe both require deposit of your Notes. Accordingly, if you wish both to vote on the exchange proposal and to accept the offer to subscribe, you should do so at the same time and through the same Paying Agent.

If the exchange proposal becomes effective, the Paying Agent with whom you have deposited any coupon no. 4 due on 15th November, 1985 will treat such coupon as having been presented for payment to it on that date and you will be able to procure payment of the relevant sum of interest, in accordance with the terms and conditions of the Notes, upon presentation for endorsement of the receipt issued by such Paying Agent against delivery of such coupon.

As the Primary Capital Notes and the Credit Notes are to be represented initially by a temporary global note and a global credit note, you should (if you are the holder of Bearer Notes) arrange for a temporary account to be opened with either Euro-clear or Cedel so that your interests in such temporary global note and global credit note can be credited to such account.

Action to be taken by Noteholders holding in Euro-clear or Cedel

Arrangements have been made for holders of Bearer Notes whose Notes are held in Euro-clear or Cedel for their operators to administer the instructions of Noteholders in connection with the exchange proposal and the offer to subscribe, subject to the trading arrangements referred to below.

Any such Noteholder wishing to vote on the exchange proposal should:—

- (i) complete, sign and deliver the Form of Voting Instruction in accordance with the instructions printed thereon; or
- (ii) send a signed and dated tested telex in the form of the Form of Voting Instruction, duly completed in accordance with the instructions printed on the Form;

in either case to be received by Euro-clear or Cedel, as the case may be, not later than 10.00 a.m. (Brussels time) on 29th October, 1985.

To accept the offer to subscribe, any such Noteholder must:—

- (i) complete, sign and deliver the Form of Acceptance in accordance with the instructions printed thereon; or
- (ii) send a signed and dated tested telex in the form of the Form of Acceptance, duly completed in accordance with the instructions printed on the Form;

in either such case to be received by Euro-clear or Cedel, as the case may be, not later than 10.00 a.m. (Brussels time) on 29th October, 1985.

The trading arrangements referred to above will apply in respect of Notes upon receipt by Euro-clear or Cedel of the relevant Form of Voting Instruction or Form of Acceptance or the relevant tested telex as mentioned above.

U.S. persons

The Form of Voting Instruction contains a declaration as follows:—

“I/We hereby certify that each of the beneficial owners of the Notes listed below is/are not (a) U.S. person(s) and will not acquire the Primary Capital Notes to be issued in respect of the Notes if the exchange proposal becomes effective on behalf of, or for resale to, a U.S. person. Neither the undersigned nor any person on behalf of whom the undersigned is/are acting will offer, sell or deliver, directly or indirectly, in the United States or to or for the account of any U.S. person on or prior to 15th November, 1985 any of the Notes listed below or, if the exchange proposal becomes effective, will offer, sell or deliver, directly or indirectly, in the United States or to or for the account of any U.S. person (x) at any time, any of the Primary Capital Notes referred to above or (y) prior to 31st January, 1986, any Primary Capital Notes, no matter how acquired.”

The offer to subscribe is not open for acceptance by U.S. persons. The Form of Acceptance contains a declaration as follows:—

“I/We hereby certify that I am/we are not (a) U.S. person(s) and am/are not acquiring the Primary Capital Notes in respect of which the offer to subscribe is hereby accepted on behalf of, or for resale to, a U.S. person. Neither the undersigned nor any person on behalf of whom the undersigned is acting will offer, sell or deliver, directly or indirectly, in the United States or to or for the account of any U.S. person on or prior to 15th November, 1985 any of the Notes listed below or, if the exchange proposal becomes effective, will offer, sell or deliver, directly or indirectly, in the United States or to or for the account of any U.S. person (x) at any time, any of the Primary Capital Notes referred to above or (y) prior to 31st January, 1986, any Primary Capital Notes, no matter how acquired.”

Completion of the exchange proposal

If the exchange proposal becomes effective:—

- (i) a Noteholder will be able to exchange its Notes at any time on or after the Exchange Date, free of charge, by delivering its Notes (which should be accompanied, in the case of Bearer Notes, by all

unmatured coupons and talons appertaining thereto together with coupon no. 4 due on 15th November, 1985) at the specified office of one of the Paying Agents for the Primary Capital Notes listed at the end of this document or, in the case of a Noteholder who has previously voted in favour of the exchange offer by use of the Form of Voting Instruction, by delivering the receipt issued by the Paying Agent with which it deposited its Form of Voting Instruction to such Paying Agent. The Paying Agent will, in the case of a holder of Bearer Notes, arrange for the account of such Noteholder with Euro-clear or Cedel to be credited with its interests in the temporary global note representing the Primary Capital Notes and the global credit note representing the Credit Notes; accordingly, if a Noteholder is not a participant in either of the two clearance systems, it should arrange for a temporary account to be opened with either Euro-clear or Cedel. In the case of a holder of Registered Notes, the Registrar will enter such holder in the register in respect of the Primary Capital Notes as being the holder of the relevant Primary Capital Notes; and

- (ii) in the case of a Noteholder whose Notes are held by Euro-clear or Cedel, the relevant clearance system will, on the Exchange Date, credit the account of such Noteholder with such Noteholder's entitlement to Primary Capital Notes and Credit Notes in accordance with the terms of the exchange proposal.

Each Note exchanged pursuant to the exchange proposal (together with each coupon or talon appertaining thereto and surrendered therewith) will be cancelled and will not be re-issued or re-sold. Any unmatured coupon or talon missing from a Note exchanged as aforesaid will be void. If the exchange proposal becomes effective, with effect from the Exchange Date the listing of the Notes on the Luxembourg Stock Exchange will be cancelled.

The Euro-clear Operator and Cedel will cause the global credit note representing the Credit Notes to be presented for payment on the Exchange Date. The proceeds will be credited on that date to the accounts with such clearance systems of holders of Bearer Notes and cheques drawn on a bank in New York City will be mailed on that date to the holders (or to the first-named of joint holders) of Registered Notes at their addresses appearing in the register. Holders of Registered Notes may arrange for payment by transfer to a dollar account as described in Appendix I.

The temporary global note, to the extent that it represents Primary Capital Notes issued in implementation of the exchange proposal, will be exchangeable (free of charge) into definitive notes on and after 31st January, 1986 upon certification that the beneficial owners of such Primary Capital Notes either (i) are not U.S. persons or persons who have acquired such Primary Capital Notes for re-sale to any U.S. person or (ii) are U.S. persons who were the beneficial owners of Notes at the time the Resolution was passed. Persons shown in the register as being entitled to Primary Capital Notes will be issued with definitive notes in registered form. The balance of the definitive notes will be issued in bearer form.

Completion of the offer to subscribe

If the offer to subscribe becomes unconditional, each Noteholder who has duly accepted the same will become obliged to pay \$9,915 for each \$10,000 principal amount of Primary Capital Notes in respect of which it has accepted the offer. The primary market payment against delivery procedures recommended by the Association of International Bond Dealers will apply and; consequently, settlement must be made through Euro-clear or Cedel.

If you elect to receive your allotment in Euro-clear, you should submit to the Euro-clear Operator, at Rue de la Regence 4, B-1000 Brussels, Attention: New Issues Department (telex no. 61025) not later than 8th November, 1985 by 10.00 a.m. (Brussels time) if by tested telex or mail or validated by 4.45 p.m. (Brussels time) if by EUCLID, 01 clearance receive against payment instructions mentioning the new issue clearance account 95940 of Morgan Stanley International as your counterpart.

If you elect to receive your allotment in Cedel, you should submit to Cedel, at 67 Boulevard Grande-Duchesse Charlotte, 1010 Luxembourg, Attention: New Issues Department (telex no. 2791) not later than 8th November, 1985 by 12 noon (Luxembourg time) if by tested telex or mail or validated by 11.00 a.m. (Luxembourg time) if by CEDCOM, 41 clearance receive against payment instructions mentioning the new issue clearance account 32727 of Morgan Stanley International as your counterpart.

Split settlement through both clearance systems will be permitted.

Please also advise Morgan Stanley International at P.O. Box 132, 1 Undershaft, London EC3P 3HB (telex no. 8812564), Attention: P. Horn Esq. as soon as possible whether you wish to receive your allotment in Euro-clear or Cedel.

The temporary global note, to the extent that it represents Primary Capital Notes issued in respect of the offer to subscribe, will be exchangeable (free of charge) into definitive notes in bearer form on and after

31st January, 1986 upon certification that the beneficial owners of such Primary Capital Notes are not (i) U.S. persons or (ii) persons who have acquired such Primary Capital Notes for re-sale to any U.S. person.

Trading arrangements for settlement through Euro-clear and Cedel

Euro-clear and Cedel have each designated new security account numbers for Notes in respect of which they may receive instructions from Noteholders as referred to in "Action to be taken by Noteholders holding in Euro-clear or Cedel" above.

Notes in respect of which instructions to vote in favour of the Resolution are received will be transferred to new security account number 14262 (if the offer to subscribe has been accepted in respect of such Notes) or 14263 (if the offer to subscribe has not been so accepted) by Euro-clear and new security account number 134406 (if the offer to subscribe has been accepted in respect of such Notes) or 134414 (if the offer to subscribe has not been so accepted) by Cedel.

Notes in respect of which instructions to vote against the Resolution are received will be transferred to new security account number 14264 (if the offer to subscribe has been accepted in respect of such Notes) or 14265 (if the offer to subscribe has not been so accepted) by Euro-clear and new security account number 134422 (if the offer to subscribe has been accepted in respect of such Notes) or 134449 (if the offer to subscribe has not been so accepted) by Cedel.

Notes in respect of which valid acceptances of the offer to subscribe are received, but in respect of which no instructions to vote in respect of the Resolution have been received, will be transferred to new security account number 14266 by Euro-clear and new security account number 134457 by Cedel.

Notes in respect of which no valid acceptance of the offer to subscribe and no instructions to vote in respect of the Resolution are received will remain with their present security account numbers.

Until the Exchange Date or, if earlier, the date when the exchange proposal lapses, Notes which have been transferred to new security accounts may not be withdrawn from the relevant clearance system and it will not be possible to trade such Notes for settlement:—

- (i) after the Exchange Date; or
- (ii) outside the new security account in which they are then held; or
- (iii) for 48 hours prior to the Meeting.

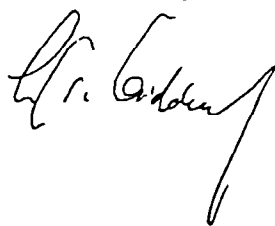
If the exchange proposal becomes effective, all holdings will be transferred to the security accounts for the Primary Capital Notes (being account no. 14267 at Euro-clear and account no. 134465 at Cedel). If the exchange proposal does not become effective, all Notes which have been transferred to new security accounts will be transferred back to their original security accounts.

Notice thereof will be given to the Noteholders (in the manner provided in the terms and conditions of the Notes, which is expected to be by publication in the *Financial Times* and the *Luxemburger Wort*) if the exchange proposal becomes effective and the offer to subscribe becomes unconditional and is not withdrawn.

Your attention is drawn to the Appendices to this letter which are as follows:—

- Appendix I — Further terms of the exchange proposal
- Appendix II — Further terms of the offer to subscribe
- Appendix III — Terms and Conditions of the Primary Capital Notes
- Appendix IV — Information concerning DnC
- Appendix V — General Information
- Appendix VI — Notice of Meeting of Noteholders

Yours faithfully,



L. T. Løddesøl,

President and Chief Executive Officer.

APPENDIX I

Further terms of the exchange proposal

1. All communications, notices, certificates and documents of title to be delivered by or sent to or from Noteholders will be delivered by or sent to or from them (or their designated agents) at their risk.
2. Any failure to collect or receive this document by any Noteholder shall not invalidate the exchange proposal in any way.
3. Any exchange of Notes for Primary Capital Notes and Credit Notes will be deemed to constitute a warranty by the relevant Noteholder that the Notes being exchanged (and, in the case of Bearer Notes, coupons and talons surrendered therewith) are transferred by the Noteholder free from all liens, charges and encumbrances and together with all rights attached thereto.
4. DnC reserves the right to treat Forms of Voting Instruction as validly giving voting instructions or appointing proxies even though not complete in all respects or not accompanied by, in the case of Registered Notes, the relevant Notes or, in the case of Bearer Notes, all unmatured coupons and talons appertaining thereto.
5. If the exchange proposal becomes effective, the register in respect of the Notes will be closed from and including 2nd November, 1985 and no further entries will be made therein. The Registrar, when opening the register in respect of the Primary Capital Notes, will enter therein the same details as are shown in the register in respect of the Notes and such details shall be conclusive as regards the persons initially entitled to interests in Primary Capital Notes in registered form. Transfers of Primary Capital Notes in registered form will be entered in such register on and after the Exchange Date.
6. A holder of Registered Notes may arrange for payment of its interest in the proceeds arising from presentation of the global credit note to be made by transfer to a dollar account maintained by the payee with a bank in New York City. To do so, such holder should deposit its Notes and Form of Voting Instruction at the specified office of the Principal Paying Agent for the Notes mentioned at the end of this document in accordance with the instructions set out in this document and inform the Principal Paying Agent that it wishes for payment to be so made.
7. If the exchange proposal does not become effective, Notes not held through Euro-clear or Cedel and delivered with Forms of Voting Instruction and/or Forms of Acceptance will be available on or after 8th November, 1985 for collection by the Noteholder delivering to the Paying Agent with which the Notes have been deposited the receipt for the same issued by such Paying Agent.
8. A copy of this document has been delivered for registration to the Registrar of Companies in England and Wales. No other action has been taken or is contemplated by DnC that would permit a public offering of the Primary Capital Notes or distribution of this document or any other document relating to the exchange proposal, the offer to subscribe or the Primary Capital Notes in any jurisdiction where, or in any circumstances in which, action for those purposes is required. Accordingly, acceptance of the exchange proposal constitutes an undertaking by the Noteholder concerned to comply with all applicable laws when effecting any offer or sale of Primary Capital Notes or distributing copies of this document or any other document as aforesaid; further, such acceptance constitutes an undertaking not to make any representation or use any information other than as contained in this document when effecting any offer or sale of Primary Capital Notes.
9. The exchange proposal shall be governed by and construed in accordance with English law.

APPENDIX II

Further terms of the offer to subscribe

1. Acceptance of the offer to subscribe will constitute an undertaking by the Noteholder concerned to effect payment for the Primary Capital Notes to be subscribed pursuant thereto. Such payment must be made in dollars for same day value through either the Euro-clear Operator or Cedel. DnC reserves the right to advance, or arrange the borrowing of, funds for a Noteholder's account at rates from time to time current to cover any delay in receipt by Euro-clear, Cedel or DnC of any payment due from a Noteholder and to hold or pledge as security therefor all or any of the Primary Capital Notes and Credit Notes to which such Noteholder may become entitled pursuant to the exchange proposal.
2. The obligation of a Noteholder who accepts the offer to subscribe and pay for the Primary Capital Notes in respect of which it has accepted the offer shall be a personal obligation of such Noteholder and shall not be capable of being assigned or transferred to any other person.
3. No person who becomes the holder of, or otherwise interested in, any Notes in respect of which the offer to subscribe has previously been validly accepted (whether to the fullest extent possible in respect of those Notes or otherwise) shall be entitled to accept the offer to subscribe in respect of such Notes.
4. DnC reserves the right to treat acceptances of the offer to subscribe as valid even though not complete in all respects or not accompanied by, in the case of Registered Notes, the relevant Notes or, in the case of Bearer Notes, all unmatured coupons and talons appertaining thereto.
5. DnC reserves the right to issue, on such terms as it may think fit, any Primary Capital Notes which might have been subscribed pursuant to the offer to subscribe but which are not so subscribed, but so that the principal amount of the Primary Capital Notes to be constituted by the Trust Deed referred to in Appendix III will be determined not later than 15th November, 1985.
6. All communications, notices, certificates and documents of title to be delivered by or sent to or from Noteholders will be delivered by or sent to or from them (or their designated agents) at their risk.
7. Any failure to collect or receive this document by any Noteholder shall not invalidate the offer to subscribe in any way.
8. Acceptance of the offer to subscribe shall be irrevocable.
9. The offer to subscribe is conditional upon the issue of the Primary Capital Notes being approved by the Supervisory Board of DnC. It is expected that such approval will be given at the meeting of the Supervisory Board to be held on 15th October, 1985.
10. A copy of this document has been delivered for registration to the Registrar of Companies in England and Wales. No other action has been taken or is contemplated by DnC that would permit a public offering of the Primary Capital Notes or distribution of this document or any other document relating to the exchange proposal, the offer to subscribe or the Primary Capital Notes in any jurisdiction where, or in any circumstances in which, action for those purposes is required. Accordingly, acceptance of the offer to subscribe constitutes an undertaking by the Noteholder concerned to comply with all applicable laws when affecting any offer or sale of Primary Capital Notes or distributing copies of this document or any other document as aforesaid; further, such acceptance constitutes an undertaking not to make any representation or use any information other than as contained in this document when effecting any offer or sale of Primary Capital Notes.
11. The offer to subscribe shall be governed by and construed in accordance with English law.

APPENDIX III

Terms and Conditions of the Primary Capital Notes

The following terms and conditions, subject to alteration, will be endorsed on the Primary Capital Notes:—

The Primary Capital Perpetual Floating Rate Notes (the "Notes") are constituted by a trust deed (the "Trust Deed") dated 15th November, 1985 between Den norske Creditbank (the "Bank") and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Notes (the "Noteholders"). The forms of the Notes and of the talons and the coupons (the "Coupons") appertaining thereto are set out in the Trust Deed. The issue of the Notes was authorised by a resolution of the Supervisory Board of the Bank passed on 15th October, 1985. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and of the Agency Agreement (the "Agency Agreement") entered into between the Bank, the Trustee, the Reference Agent, the Paying Agents, the Registrar and the Transfer Agents referred to below are available for inspection at the registered office of the Trustee, currently at Estates House, 66 Gresham Street, London EC2V 7HX, and at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents for the time being. The Noteholders, the holders of the Coupons (the "Couponholders") and the holders of the talons are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions contained in the Trust Deed and the Agency Agreement.

1. Status and Subordination

(a) Status

The Notes and the Coupons are unsecured obligations of the Bank, conditional as described below, ranking *pari passu* without any preference among themselves.

(b) Condition of Payment

The rights of the Noteholders and Couponholders are subordinated to the claims of Senior Creditors (as defined below) in that no principal or interest shall be payable in respect of the Notes except to the extent that the Bank could make such payment and still be solvent immediately thereafter. For this purpose, the Bank shall be considered to be solvent if (i) it is able to pay its debts to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities to Senior Creditors. A report as to the solvency of the Bank by two directors of the Bank or, in certain circumstances as provided in the Trust Deed, the auditors of the Bank or, if the Bank is being liquidated or dissolved in Norway, its liquidator will, unless the contrary is proved, be treated and accepted by the Bank, the Trustee and the Noteholders and Couponholders as correct and sufficient evidence thereof.

For the purposes of these Conditions, "Senior Creditors" means creditors of the Bank (i) who are depositors or other unsubordinated creditors of the Bank, (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation or dissolution of the Bank or otherwise) to the claims of depositors and other unsubordinated creditors of the Bank but not further or otherwise or (iii) who are other subordinated creditors of the Bank except those whose claims rank, or are expressed to rank, *pari passu* with or junior to the claims of the Noteholders; "Assets" means the total assets of the Bank and "Liabilities" means the total liabilities of the Bank, all as shown by the latest published audited balance sheet of the Bank but adjusted for subsequent events, all valued in such manner as such directors, the auditors or the liquidator of the Bank (as the case may be) may determine.

(c) Liquidation or dissolution

If an order is made or an effective resolution is passed for the liquidation or dissolution of the Bank in Norway, the Bank shall, in lieu of any other payment on the Notes and on the Coupons in respect of Arrears of Interest, be obliged to pay in respect of each Note and each Coupon such amounts, if any, as would have been payable if the holder of such Note or Coupon had, on the day preceding the commencement of such liquidation or dissolution, become the holder of preference shares in the capital of the Bank of a class having a preferential right to a return of assets in a liquidation or dissolution over the holders of all other classes of shares for the time being in the capital of the Bank and entitled to receive in a liquidation or dissolution an amount equal to, in respect of each Note, the principal amount of such Note, together with interest accrued from the Interest Payment Date last preceding the earlier of the due date for repayment of such Note and the date on which the liquidation or dissolution of the Bank commenced or occurred, as the case may be, to the date of repayment (as provided in the Trust Deed) and, in respect of such Coupon or (if such Note is a Registered Note) such Note, the Arrears of Interest which accrued during the Interest Period which ended on the Interest Payment Date enfaced on such Coupon or, as the case may be, all Arrears of

Interest in respect of such Note (other than any such Arrears of Interest which accrued during an Interest Period which ended on an Interest Payment Date enfaced on a Coupon which appertains to a Bearer Note which was exchanged for such Note and which Bearer Note was surrendered for exchange after the Record Date in respect of such Interest Payment Date).

N.B. The obligations of the Bank in respect of the Notes and the Coupons are conditional upon the Bank being able to make payments in respect of the Notes and Coupons and remain solvent immediately thereafter. If this condition is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal of and interest on the Notes may be used to meet losses.

2. Title, Form and Denomination

The Notes are issued in bearer form serially numbered in the denomination of \$10,000 each ("Bearer Notes") with Coupons and a talon for further Coupons attached, and title to the Bearer Notes, the Coupons and talons will pass by delivery, and in registered form serially numbered in denominations of \$10,000 and integral multiples thereof ("Registered Notes") and title thereto will pass by registration in accordance with the Agency Agreement and the Trust Deed.

The holder of each Coupon and talon, whether or not the Coupon or talon is attached to a Bearer Note, in his capacity as such shall be subject to and bound by all the provisions contained in the relevant Note. The holder of any Bearer Note and the holder of any Coupon may (to the fullest extent permitted by applicable laws) be treated at all times, by all persons and for all purposes as the absolute owner of such Note or Coupon, as the case may be, regardless of any notice of ownership, theft or loss or of any writing thereon. The Registered Notes, and transfers thereof, shall be registered as provided under Condition 3 below. The person in whose name a Registered Note is registered may (to the fullest extent permitted by applicable laws) be treated at all times, by all persons and for all purposes as the absolute owner of such Note, regardless of any notice of ownership, theft or loss or of any writing thereon.

3. Exchange and Transfer

The Bank has appointed the Registrar to maintain a register (the "Register") at its specified office in Luxembourg for the registration, transfer and exchange of Registered Notes and has also appointed Transfer Agents to provide facilities for the exchange, transfer and replacement of Notes. A Registered Note or Registered Notes may be exchanged for a Bearer Note or Bearer Notes and a Bearer Note or Bearer Notes may be exchanged for a Registered Note of an authorised denomination by surrender of such Note or Notes (and in the case of an exchange of a Bearer Note or Bearer Notes, subject as mentioned below, all unmatured Coupons (which expression shall mean Coupons maturing on Interest Payment Dates (as defined below) falling for repayment thereafter but, for the avoidance of doubt, shall not include Coupons maturing on Interest Payment Dates falling on or prior thereto in respect of which interest has not been paid by the Bank) and talons appertaining thereto) to the Registrar or a Transfer Agent at its specified office, together with a written request for exchange in the form available from the Registrar or a Transfer Agent provided that any exchange of Registered Notes originally issued to U.S. persons shall be in compliance with such reasonable regulations as the Bank may prescribe. Within three business days of such request, the Registrar or the relevant Transfer Agent will authenticate and deliver at its specified office to the holder or (at the risk of the holder) send by mail to such address as may be specified by the holder in the request for exchange a new Note or Notes, as the case may be, of a like aggregate principal amount and in such form and of such authorised denomination as may be requested in respect of the Note or Notes exchanged. Bearer Notes so issued will have attached thereto on delivery Coupons in respect of Interest Payment Dates which have not occurred and also in respect of Interest Payment Dates the interest due on which constitutes Arrears of Interest.

Where a Bearer Note is surrendered in exchange for a Registered Note between the Record Date (as defined in Condition 6 below) and the relevant Interest Payment Date (as defined in Condition 4 below), the Coupon relating to such Interest Payment Date will not be required to be surrendered therewith.

A Registered Note may be transferred in whole or in part (in the principal amount of U.S.\$10,000 or any integral multiple thereof) by the holders or holders depositing the Registered Note for transfer and registration at the specified office of either the Registrar or a Transfer Agent, with the form of transfer endorsed thereon duly signed by or on behalf of the transferor. Upon the Registrar or, as the case may be, the relevant Transfer Agent, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Bank and the Registrar may prescribe, including any restrictions imposed by the Bank on transfers of Registered Notes originally allotted to U.S. persons, the Registrar or the relevant Transfer Agent will, within three business days of such request (or such longer period as may be required to comply with any applicable fiscal or other

laws or regulations), authenticate and deliver at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request a new Registered Note of the same principal amount as the Registered Notes transferred. In the case of the exchange or transfer of part only of a Registered Note, a new Registered Note in respect of the balance not exchanged or transferred will be so delivered or sent to the transferor at his risk.

Noteholders will not be required to bear the costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing paragraphs, except for the expenses (if any) of delivery other than by regular mail and except that the Bank may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation thereto.

4. Interest

(a) Period of Accrual of Interest and Coupons

The Notes bear interest from 15th November, 1985. Interest payments will, subject as provided in Condition 1 above, be made in accordance with and subject to the provisions of Condition 6 below. After all the Coupons attached to or issued in respect of a Bearer Note have matured, further Coupons and one further talon will (subject to the terms of the Trust Deed) be issued against presentation of the relevant talon. Interest on each Note shall cease to accrue from the due date for repayment thereof unless, upon due presentation, payment of principal is improperly withheld or refused or default is otherwise made in payment thereof or is not made by reason of the provisions of Condition 1 above. On the earlier of such due date for repayment and the liquidation or dissolution of the Bank commencing or occurring, any unmatured Coupons and any talon appertaining to such Note, if a Bearer Note, (whether or not attached thereto) shall become void.

(b) Interest Payment Dates, Interest Periods and Arrears of Interest

Interest on the Notes shall accrue from day to day and shall (subject to the provisions of Condition 1 above) be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued during the Interest Period (as defined below) ending on such date. On any Optional Interest Payment Date (as defined below), there may be paid the interest accrued during the Interest Period ending on such date, but the Bank shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Bank for any purpose. Any interest not paid on an Interest Payment Date shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest may at the option of the Bank be paid in whole or in part (being the whole of the interest accrued on all the Notes during any Interest Period, but so that in the case of such a partial payment the interest accrued during any Interest Period shall not be paid prior to that accrued during any earlier Interest Period) at any time upon the expiration of not less than seven days' notice to such effect given to the Noteholders in accordance with Condition 13 below, but all Arrears of Interest on all Notes outstanding shall (subject to Condition 1 above) become due in full on whichever is the earliest of (i) the date upon which a dividend or other distribution is next declared, paid or made on any class of share capital of the Bank, (ii) the date set for any repayment of any of the Notes pursuant to paragraph (b) or (c) of Condition 5 below or (iii) the commencement of a winding up or the dissolution of the Bank. If notice is given by the Bank of its intention to pay the whole or part of Arrears of Interest, the Bank shall be obliged (subject to Condition 1 above) to do so upon the expiration of such notice. Arrears of Interest shall not themselves bear interest.

For the purposes hereof, the expressions following have the following meanings:—

"Interest Payment Date" means the date which falls three months after the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, three months after 15th November, 1985, but so that if any Interest Payment Date would otherwise fall on a date which is not a Business Day it shall be postponed until the next Business Day unless it would thereby fall into the next calendar month, in which event that Interest Payment Date shall be the immediately preceding Business Day and each subsequent Interest Payment Date shall be the last Business Day of the third calendar month after the calendar month in which the preceding Interest Payment Date shall have fallen.

"Compulsory Interest Payment Date" means any Interest Payment Date if, in the Interest Period ending on such Interest Payment Date or in any of the three immediately preceding Interest Periods, any dividend or other distribution has been declared, paid or made on any class of share capital of the Bank.

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date.

"Interest Period" means the period from and including one Interest Payment Date (or 15th November, 1985) to the next (or first) Interest Payment Date.

“Business Day” means a day on which banks and foreign exchange markets are open for business in both London and New York City.

(c) Rate of Interest

The rate of interest from time to time payable in respect of the Notes (the “Rate of Interest”) shall be determined by the Reference Agent (as described in paragraph (h) below) on the basis of the following provisions:—

- (i) On the second Business Day prior to the commencement of each Interest Period (“Interest Determination Date”), the Reference Agent will request the principal London offices of the Reference Banks (as described in paragraph (h) below) to provide the Reference Agent with their offered quotations to leading banks for deposits of dollars in the London inter-bank market for such Interest Period as at 11.00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be $\frac{1}{4}$ per cent. per annum above the arithmetic average (rounded upwards if necessary to the nearest $\frac{1}{16}$ per cent.) of such offered quotations, as determined by the Reference Agent.
- (ii) If on any Interest Determination Date only two or three of the Reference Banks provide the Reference Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with sub-paragraph (i) of this paragraph on the basis of the quotations of those Reference Banks providing such quotations.
- (iii) If on any Interest Determination Date fewer than two of the Reference Banks provides the Reference Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be whichever is the higher of:—
 - (A) the Rate of Interest in effect for the last preceding Interest Period to which sub-paragraph (i) or (ii) of this paragraph shall have applied; and
 - (B) a rate per annum which the Reference Agent determines as being $\frac{1}{4}$ per cent. per annum above the arithmetic average (rounded upwards if necessary to the nearest $\frac{1}{16}$ per cent.) of the rates, as communicated to and at the request of the Reference Agent by or on behalf of the Reference Banks or any two or more of them, at which such Reference Banks are offered United States dollar deposits for the relevant Interest Period, as at 11.00 a.m. (New York City time) on the relevant Interest Determination Date, by leading banks in New York City or, if fewer than two of the Reference Banks provides the Reference Agent with such rates, $\frac{1}{4}$ per cent. per annum above the lowest dollar lending rate which leading banks in New York City (selected by the Reference Agent after consultation, if practicable, with the Bank) quote on the relevant Interest Determination Date to leading banks which have their head offices in Europe for the relevant Interest Period, provided that if the banks selected as aforesaid by the Reference Agent are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in (A) above.
- (iv) In no event shall the Rate of Interest for any Interest Period ending on or prior to the Interest Payment Date falling in November 1990 be less than $5\frac{1}{4}$ per cent. per annum; there shall be no minimum Rate of Interest applicable to any subsequent Interest Period.

(d) Determination of Rate of Interest and Coupon Amount

The Reference Agent will, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date, determine and notify to the Bank, the Trustee, the Registrar and the Principal Paying Agent (as defined in the Trust Deed) (1) the Rate of Interest applicable to the Interest Period immediately succeeding such Interest Determination Date and (2) the dollar amount payable (the “Coupon Amount”) on each \$10,000 in principal amount of the Notes in respect of such Interest Period. The Coupon Amount shall be calculated by applying the Rate of Interest to \$10,000, multiplying such sum by the actual number of days in the Interest Period (being inclusive of the first day, but exclusive of the last day, thereof) divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

(e) Publication of Rate of Interest and Coupon Amount

The Reference Agent will cause the Rate of Interest and the Coupon Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Luxembourg Stock Exchange and to be published in accordance with Condition 13 below. The Coupon Amount and Interest Payment Date so published may subsequently be amended with the consent of the Trustee (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(f) Determination or Calculation by Trustee

In the event that the Reference Agent does not at any time for any reason determine the Rate of Interest or the Coupon Amount in accordance with paragraphs (c) and (d) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (c) above, but subject to the minimum Rate of Interest referred to in sub-paragraph (iv) of paragraph (c) above) it thinks fit, or, as the case may be, the Trustee shall calculate the Coupon Amount in such manner as it shall deem fair and reasonable in all the circumstances and such determination or calculation shall be deemed to have been made by the Reference Agent.

(g) Notifications to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Reference Banks (or any of them), the Reference Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, the Reference Banks, the Reference Agent, the Trustee, the Registrar, the Principal Paying Agent, the other Paying Agents and all Noteholders and Couponholders and (subject as aforesaid) no liability to the Noteholders or Couponholders shall attach to the Reference Banks, the Reference Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions.

(h) Reference Banks and Reference Agent

The Bank shall procure that so long as any of the Notes is outstanding there shall at all times be four Reference Banks and a Reference Agent. The initial Reference Banks shall be the principal London office of each of Citibank, N.A., Bank of America N.T. & S.A., Dresdner Bank Aktiengesellschaft and International Westminster Bank PLC and the initial Reference Agent shall be Citibank, N.A., but the Bank may terminate the appointment of any of the Reference Banks or (with the prior approval of the Trustee) of the Reference Agent. In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank or of Citibank, N.A., being unable or unwilling to continue to act as Reference Agent, the Bank shall appoint such other bank as may be approved by the Trustee to act as such in its place. The Reference Agent may in addition resign its duties as such, provided that neither the resignation nor the removal of the Reference Agent shall take effect until a successor approved by the Trustee has been appointed.

5. Repayment

(a) No Fixed Maturity

The Bank shall not be at liberty to repay the Notes except in accordance with the following provisions and the provisions of Condition 1 above.

(b) Repayment for Taxation Reasons

If the Trustee is satisfied, immediately prior to the giving of notice to Noteholders hereinafter referred to, that on the occasion of the next payment due in respect of the Notes or Coupons the Bank would be required to pay additional amounts in accordance with Condition 7 below, the Bank may (subject as referred to in Condition 1 above) on any Interest Payment Date, on giving not more than 45 nor less than 30 days' notice to the Trustee and to the Noteholders in accordance with Condition 13 below, repay all (but not some only) of the Notes at their principal amount together with all Arrears of Interest (if any). Upon the expiration of such notice the Bank shall, subject to Condition 1 above, be bound to repay the Notes at their principal amount together with all Arrears of Interest (if any).

(c) Optional Repayment

On giving not more than 60 nor less than 30 days' notice to the Trustee and to the Noteholders in accordance with Condition 13 below, the Bank may, on any Interest Payment Date falling in or after November 1990, repay all or, from time to time, some (in the amount of U.S.\$1,000,000 or an integral multiple thereof) of the Notes at their principal amount together with all Arrears of Interest (if any) in respect of all of the Notes. Upon the expiration of such notice the Bank shall be bound, subject to Condition 1 above, to repay the Notes at their principal amount and to pay all Arrears of Interest (if any) in respect of all of the Notes.

(d) Drawings

Notes to be repaid in accordance with paragraph (c) of this Condition 5 will (if comprising less than all of the Notes) be selected by drawings by the Principal Paying Agent in individual lots of one Note each and

otherwise in a manner approved by the Trustee, not less than 30 nor more than 60 days before the date fixed for repayment thereof and subject to the Trustee and the Principal Paying Agent having received notice in writing not less than 15 days prior to the date of the drawing of the Bank's intention to repay.

(e) Purchases

The Bank or any of its subsidiaries may at any time purchase Notes (together, in the case of Bearer Notes, with all unmatured Coupons and talons appertaining thereto) in the open market or otherwise.

(f) Cancellation

All Notes repaid or purchased as aforesaid will be cancelled forthwith, together with all unmatured Coupons and talons attached thereto or surrendered therewith, and may not be resold or reissued.

References in this Condition 5 to the purchase of Notes shall not include the purchase of Notes in the ordinary course of business of dealing in securities or the purchase of Notes otherwise than as beneficial owner.

6. Payments

(a) Payments of principal (including any payment pursuant to paragraph *(c)* of Condition 1 above) in respect of Bearer Notes will be made against presentation and surrender of Bearer Notes in dollars at the specified office of the Paying Agent in New York City or, at the option of the holder, at the specified office of any Paying Agent by dollar cheque drawn on, or by transfer to, a dollar account maintained by the payee with, a bank in New York City. Payments of interest in respect of Bearer Notes will be made against presentation and surrender of the appropriate Coupons (or, as provided in paragraph *(e)* below, Notes) at the specified office of any Paying Agent in the manner provided in the preceding sentence.

(b) Payments of principal in respect of Registered Notes will be made by dollar cheque drawn on a bank in New York City against presentation and surrender of such Registered Notes at the specified office of either the Registrar or a Transfer Agent. Payments of interest in respect of each Registered Note will be made by dollar cheque drawn on a bank in New York City and mailed to the holder (or to the first-named of joint holders) of such Registered Note at its address appearing in the Register. Upon application by the holder to the specified office of the Principal Paying Agent not less than 15 days prior to the due date for any payment in respect of a Registered Note, such payment may be made (and, in the case of payment of principal, against surrender of the relevant Registered Note as aforesaid) by transfer to a dollar account maintained by the payee with a bank in New York City. Each payment in respect of the Registered Notes will be made on the due date to the holders who are on the Register at the close of business 15 days prior the due date in respect of such payment (the "Record Date").

(c) Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 below.

(d) If the due date for payment of any amount of principal or interest in respect of any Note is not a day on which banks are open for business in New York City and, where applicable, in the place where the relevant Note or Coupon is presented for payment, then the holder thereof shall not be entitled to payment in such place of the amount due (and cheques in respect of Registered Notes shall not be required to be mailed) until the next following such day nor to any further interest or other payment in respect of any such delay.

(e) If the due date for repayment of any Note is not an Interest Payment Date or if payment or principal is improperly withheld or refused on or in respect of any Note or if default is otherwise made in respect of any payment of principal, interest accrued in respect of such Note since the last preceding Interest Payment Date (or 15th November, 1985) will be paid to the holder of the relevant Note against surrender of the relevant Note at the specified office of, in the case of a Bearer Note, any Paying Agent and, in the case of a Registered Note, either the Registrar or a Transfer Agent.

(f) The initial Paying Agents, Registrar and Transfer Agents and their initial specified offices are set out below. The Bank reserves the right at any time to vary or terminate the appointment of any Paying Agent or Transfer Agent or the Registrar, subject, in the case of the Principal Paying Agent or the Registrar, to the prior approval of the Trustee, and to appoint additional or other Paying Agents or Transfer Agents, provided that it will at all times maintain (i) Paying Agents having specified offices in New York City and one city in Continental Europe which, so long as the Notes are listed on the Luxembourg Stock Exchange, shall be Luxembourg; (ii) a Transfer Agent having a specified office in a European city approved by the Trustee; and (iii) a Registrar having its specified office outside Great Britain. Notice of any

such termination or appointment and of any changes in the specified offices of the Paying Agents, the Registrar or the Transfer Agents will be given to the Noteholders in accordance with Condition 13 below.

7. Taxation

All payments of principal and interest will be made without withholding or deduction for or on account of any taxes, charges or duties of whatsoever nature, present or future, imposed or levied by or on behalf of Norway or any authority therein or thereof having power to levy taxes or duties, unless the Bank is compelled by law to withhold or deduct any such taxes, charges or duties. In that event, the Bank will pay such additional amounts as may be necessary so that the net amount receivable by the Noteholders or Couponholders, after such withholding or deduction, will equal the respective amounts of principal and interest which would (but for such withholding or deduction) otherwise have been receivable; except that no such additional amount shall be payable with respect to any Note or Coupon:—

- (a) to, or to a third party on behalf of, a holder who is liable to such taxes, charges or duties in respect of such Note or Coupon by reason of his having some connection with Norway other than the mere holding of the Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment at the close of such period of 30 days. As used herein, the “Relevant Date” in respect of any payment means the date on which such payment first becomes due or, if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which such moneys shall have been so received and notice to that effect shall have been duly given to the Noteholders.

References in these Terms and Conditions to principal and/or interest in respect of the Notes shall be deemed to include any additional amount which may be payable under these provisions or under any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

8. Default and Enforcement

(a) Default

If the Bank shall default in making any payment of principal or interest in respect of any Note (other than a payment of interest due on a Compulsory Interest Payment Date which is not payable by reason of the provisions of paragraph (b) of Condition 1 above) for a period of 15 days or more after the date on which it is obliged to make such payment, or would be so obliged but for the provisions of paragraph (b) of Condition 1 above, the Trustee may take such steps (if any) as are then available to it under the law of Norway to procure the liquidation or dissolution of the Bank in Norway (but not elsewhere) or the institution of any legal or administrative proceeding or other action which, under the laws of Norway, is a necessary pre-condition to the institution of liquidation or dissolution proceedings. In the event of liquidation or dissolution proceedings being current in respect of the Bank, the Trustee may prove in such proceedings for payment of the sums due pursuant to paragraph (c) of Condition 1 above.

See “The Norwegian Banking System” in Appendix IV for a description of the present provisions of Norwegian law relating to the insolvency of a commercial bank. Under such provisions, the Trustee would not be entitled to petition for the liquidation or dissolution of the Bank. Interest ceases to accrue on any debt owing by a commercial bank as from the date when the management of such bank is assumed by a board appointed by the appropriate governmental authorities; any debt in a currency other than kroner is converted into kroner for the purpose of making any distribution on the liquidation or dissolution of a commercial bank as at the exchange rate prevailing at such date.

(b) Enforcement by the Trustee

The Trustee shall not be bound to take any action pursuant to paragraph (a) above unless (i) it shall have been so requested by an Extraordinary Resolution of the Noteholders or in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction.

(c) Enforcement by Noteholders or Couponholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Bank unless the Trustee, having become bound so to proceed, fails to do so and such failure is continuing, in which case the Noteholder or Couponholder shall have only such rights against the Bank as those which the Trustee is entitled to exercise.

(d) *Remedy available*

No remedy against the Bank, other than the action referred to in paragraph (a) above, shall be available to the Trustee or the Noteholders or Couponholders whether for the recovery of amounts owing in respect of the Notes or the Coupons or under the Trust Deed or in respect of any breach by the Bank of any of its obligations under the Trust Deed or the Notes (other than for recovery of the Trustee's remuneration or expenses).

9. Prescription

Notes and Coupons will become void unless presented for payment within a period of 12 years in the case of Notes and six years in the case of Coupons from the Relevant Date (as defined in Condition 7 above) for the payment thereof.

10. Meetings of Noteholders, Modification, Waiver and Substitution of Principal Debtor

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including any modification of the terms and conditions of the Notes and the provisions of the Trust Deed, provided that certain provisions (including, *inter alia*, the terms concerning status, subordination, the currency and due dates of payment of principal or interest in respect of the Notes and the principal amount of any Note) may only be modified at a meeting of Noteholders for which special quorum provisions apply. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or the Couponholders, to any modification (other than a modification for which a special quorum is required) of, or to any waiver or authorisation of any breach or proposed breach of, any provision of the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification to correct a manifest error or which is of a formal, minor or technical nature. Unless the Trustee agrees otherwise, any modification shall be notified to the Noteholders in accordance with Condition 13 below as soon as practicable thereafter.

The Trustee may also agree, subject to such amendment of the Trust Deed and of the terms and conditions of the Notes and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution, subject to the Notes and the Coupons being unconditionally and irrevocably guaranteed by the Bank on a subordinated basis equivalent to that mentioned in Condition 1 above, of a subsidiary of the Bank, any holding company of the Bank or any subsidiary of such holding company in place of the Bank as principal debtor under the Trust Deed, the Notes and the Coupons and so that the claims of the Noteholders and the Couponholders may, in the case of the substitution of a banking company (as defined in the Trust Deed) in the place of the Bank, be subordinated, on a basis equivalent to that mentioned in Condition 1 above, to the rights of Senior Creditors (as defined in Condition 1 above, but with the substitution of references to that banking company in place of references to the Bank).

In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

In connection with any proposed substitution as aforesaid, the Trustee shall not have regard to the consequences of such substitution for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of any particular territory. No Noteholder or Couponholder shall, in connection with any such substitution, be entitled to claim from the Bank any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 above (as from time to time amended).

11. Indemnification of the Trustee, Paying Agents, Registrar and Transfer Agents

(a) The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction, and for its replacement by Extraordinary Resolution of the Noteholders. The Trustee is entitled to enter into business transactions with the Bank and/or any of its subsidiaries without accounting for any profit resulting therefrom.

(b) The Agency Agreement contains provisions indemnifying the Principal Paying Agent and the other Paying Agents, the Registrar and the Transfer Agents and absolving the Principal Paying Agent and the other Paying Agents, the Registrar and the Transfer Agents from responsibility in connection with certain matters.

(c) In acting under the Agency Agreement, the Principal Paying Agent, the other Paying Agents, the Registrar and the Transfer Agents act solely as agents of the Bank and do not assume any obligation or relationship of agency or trust for or with the Noteholders or Couponholders.

12. Replacement of Notes, Coupons and Talons

Should any Note, Coupon or talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Paying Agent for the time being in London (or, in the case of a Registered Note, at the specified office of the Registrar or any Transfer Agent) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, indemnity, security or otherwise as the Bank may reasonably require. Mutilated or defaced Notes, Coupons or talons must be surrendered before replacements will be issued.

13. Notices

All notices regarding the Notes will be valid if published in one leading London daily newspaper and one leading Luxembourg daily newspaper or, if either is not practicable, in one other leading English language daily newspaper of general circulation in Europe which is approved by the Trustee. Any notice so published shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner and shall be deemed to have been given on such date as the Bank and the Trustee shall determine. It is expected that publication of notices will normally be made in the *Financial Times* and in the *Luxemburger Wort*. Couponholders will be deemed to have notice of the contents of any notice given to Noteholders in accordance herewith.

14. Further Issues

The Bank shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes or bonds either (in the case of notes) so as to form a single issue with the Notes or, in either case, upon such terms as to interest, conversion, premium, repayment and otherwise as the Bank may at the time of the issue thereof determine. Any such notes, if they are to form a single issue with the Notes, shall be constituted by a deed supplemental to the Trust Deed and any other such notes or any such bonds, if the Trustee so agrees, may be so constituted. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series for the purpose of passing an Extraordinary Resolution in certain circumstances where the Trustee so decides.

15. Governing Law

The Trust Deed, the Notes, the Coupons and the talons are governed by, and shall be construed in accordance with, English law, save that Condition 1 above, and the provisions of the Trust Deed in so far as they relate to the matters provided for in Condition 1, are governed by, and shall be construed in accordance with, Norwegian law.

APPENDIX IV
Information concerning DnC

CAPITALISATION OF DEN NORSKE CREDITBANK

The following table sets out the unconsolidated loan capital of the Bank as at 31st August, 1985 and the unconsolidated shareholders' equity as at 30th April, 1985, and as adjusted to reflect the changes referred to in the Notes to the table:—

	As at 31st August, 1985	As adjusted	
	(millions of NOK)	(millions of NOK)	(millions of U.S.\$) (9)
Loan Capital (1)			
Floating Rate Subordinated Capital Notes 1990 (2)	164.2	164.2	20.0
13 per cent. Capital Notes 1990 (3)	410.5	410.5	50.0
11¼ per cent. Capital Notes 1993 (3)	410.5	410.5	50.0
5¾ per cent. Notes 1990	270.9	270.9	33.0
11¾ per cent. Capital Notes 1991 (3)(4)	410.5	410.5	50.0
Perpetual Floating Rate Subordinated Notes (3)	1,231.4	1,231.4	150.0
12¾ per cent. Serial A Notes 1991 (5)	615.7	531.1	64.7
12¾ per cent. Serial B Notes 1991 (6)	222.5	234.8	28.6
Floating Rate Capital Notes Due April 1991 (7)	1,231.4	—	—
12⅞ per cent. Notes Due 1988	403.9	403.9	49.2
Floating Rate Capital Notes Due March 1991 (3)	—	1,231.4	150.0
Total loan capital	<u>5,371.5</u>	<u>5,299.2</u>	<u>645.5</u>
	As at 30th April, 1985	As adjusted	
Shareholders' equity			
Capital (8)	1,120.0	1,650.0	201.0
Legal reserve	438.2	533.2	64.9
Other reserves	918.6	768.6	93.6
Total shareholders' equity	<u>2,476.8</u>	<u>2,951.8</u>	<u>359.5</u>
Total capitalisation		<u>8,251.0</u>	<u>1,005.0</u>

Notes:—

- (1) All loan capital is denominated in U.S. dollars except the following: the 5¾ per cent. Notes 1990 which are denominated in Swiss francs and converted to U.S. dollars via a currency exchange agreement and the 12⅞ per cent. Notes Due 1988 which are denominated in Australian dollars. Foreign currency amounts are stated at their equivalent in kroner at 30th August, 1985. The maturity profile of DnC's loan capital as at 20th September, 1985 in millions of kroner is as follows:— 1988 – 403.9; 1990 – 845.6; 1991 – 2,407.8; 1992 – 0; 1993 – 410.5.
- (2) Notice will be given to redeem the Floating Rate Subordinated Capital Notes 1990 on 13th November, 1985.
- (3) The 13 per cent. Capital Notes 1990 were subordinated with effect from 31st December, 1983. Notice has been given to subordinate the 11¼ per cent. Capital Notes 1993, the 11¾ per cent. Capital Notes 1991 and the Perpetual Floating Rate Subordinated Notes with effect from 15th October, 1985. The Floating Rate Capital Notes Due March 1991 are not at the date hereof subordinated, but the Bank has the right to elect that they be subordinated.
- (4) As at 20th September, 1985, there remained outstanding 50,000 warrants to subscribe a further U.S.\$50,000,000 11¾ per cent. Capital Notes 1991. Such warrants are exercisable on or before 1st February, 1988 at a subscription price of par.
- (5) As at 20th September, 1985 and since 31st August, 1985, U.S.\$10,300,000 12¾ per cent. Serial A Notes 1991 had been purchased by the Bank and cancelled.
- (6) As at 20th September, 1985, there remained outstanding 46,400 warrants to subscribe a further U.S.\$46,400,000 12¾ per cent. Serial B Notes 1991. Such warrants are exercisable at any time on or prior to 27th November, 1989 at a subscription price of par. The increase since 31st August, 1985 in the issued amount of these Notes resulted from the exercise of warrants.
- (7) The Floating Rate Capital Notes Due April 1991 were purchased with the net proceeds of the Floating Rate Capital Notes Due March 1991 and have been cancelled.
- (8) In February 1985, the Bank made a rights issue which resulted in the subscription of 3,800,000 shares of NOK 100 each, at a subscription price of NOK 125 each. The proceeds of the issue, NOK 475 million, were received in May. In June 1985, the Bank effected a bonus issue of shares of one share for every ten shares held.
- (9) For the purpose of this table, kroner amounts have been translated into dollars at the rate of NOK 8.209 = \$1.00, the mean of the buying and selling spot delivery rate for the dollar quoted on the Oslo Stock Exchange on 30th August, 1985.

DEN NORSKE CREDITBANK

DnC was established as a private limited company in Oslo in 1857 with unlimited duration to provide commercial banking services throughout Norway, without any particular regional affiliation. The Bank is the largest Norwegian commercial bank in terms of total assets, capital and earnings and has approximately 130 offices and branches nationwide. The Bank has subsidiaries in Luxembourg: Den norske Creditbank (Luxembourg) S.A. ("DnC (Luxembourg)"), in London: Nordic Bank PLC ("Nordic Bank"), in Houston: Den norske Creditbank Finance Corporation, ("DnC Finance") and in Amsterdam: Ship Mortgage International Bank N.V. The Bank has shareholdings in Nordic American Banking Corporation in New York and Manufacturers Hanover Banque Nordique in Paris. Nordic Bank has a branch in Singapore and a fully-owned finance company in Hong Kong. The Bank also conducts its international business through twelve representative offices worldwide.

The Bank's shares are quoted on the Oslo Stock Exchange and are held by approximately 67,400 shareholders, of whom about 97.6 per cent. are individuals and 2.4 per cent. are insurance companies and other institutional investors.

At 30th April, 1985, total assets of DnC were NOK 54,661 million (U.S.\$6,124 million at the exchange rate then prevailing) and total deposits were NOK 39,574 million (U.S.\$ 4,434 million). At the same date, total shareholders' equity and subordinated loan capital and provisional tax free reserves amounted to NOK 3,504 million (U.S.\$393 million).

The following tables show the development of the Bank during the period from 31st December, 1980 to 30th April, 1985:—

	As at 31st December,					As at 30th April,
	1980	1981	1982	1983	1984	1985
	<i>(millions of NOK)</i>					<i>(unaudited)</i>
Total assets	22,059	28,241	34,933	39,727	52,821	54,660
Bearer bonds	7,410	8,131	9,560	8,633	7,880	9,075
Loans and credits	12,392	15,247	19,068	24,255	31,987	34,982
Deposits (1)						
Other than from banks	17,005	19,841	22,321	25,354	30,852	30,067
From banks	2,792	5,332	8,277	7,346	11,052	9,507
Subordinated loan capital	104	378	458	886	1,045	1,027
Share capital and reserves	1,124	1,180	1,328	1,800	2,477	2,477

Note:—

(1) Excluding loans and deposits from Norges Bank.

	Year ended 31st December,					Four months ended 30th April,
	1980	1981	1982	1983	1984	1985
	<i>(millions of NOK)</i>					<i>(unaudited)</i>
Total net interest income and other operating revenues	1,034.4	1,261.4	1,484.0	1,909.2	2,300.1	856.8
Operating profit (1)	166.3	203.4	231.3	395.3	473.5	214.5

Note:—

(1) Before extraordinary items, taxes and year-end adjustments.

Commercial Banking Business

DnC carries out all the principal activities of a commercial bank, including the provision of general banking facilities to public and private sector customers, the taking of demand and term deposits in Norwegian kroner and foreign currency and the provision of loans and overdraft facilities. DnC also effects foreign exchange transactions and money transfers, acts as a broker in stocks and bonds, offers safekeeping facilities and, in accordance with Norwegian practice, provides financial guarantees and performance guarantees on behalf of customers. DnC is active in the domestic capital and money markets and provides, either directly or through a subsidiary, specialised financing facilities, including hire-purchase, factoring and leasing. DnC also acts as an investment bank in Norway.

The Bank has developed particular expertise in lending to the shipping industry and has a specialist department dealing with loans to entities engaged in the exploration and development of petroleum resources, particularly in the North Sea.

Funding

At 30th April, 1985, total deposits amounted to NOK 39,574 million of which NOK 30,067 million (76.0 per cent.) were non-bank deposits and NOK 9,507 million (24.0 per cent.) were from banks. The Bank's principal source of deposits is from individuals, which at 30th April, 1985 accounted for approximately 40.1 per cent. of total deposits other than from banks. DnC has traditionally placed great emphasis on the composition of the Bank's deposit base to ensure maximum stability of funding. A feature of DnC's deposits is the high proportion from non-bank sources.

The following table sets out the development of the composition of the Bank's deposits during the period from 31st December, 1980 to 30th April, 1985:—

	As at 31st December,					As at 30th April
	1980	1981	1982	1983	1984	1985
	<i>(millions of NOK)</i>					<i>(unaudited)</i>
Demand deposits, other than from banks . . .	4,109	4,631	4,946	6,061	7,978	7,406
Term deposits, other than from banks	12,896	15,210	17,375	19,293	22,874	22,661
Due to domestic banks	217	179	253	225	318	394
Due to foreign banks	2,575	5,153	8,024	7,121	10,734	9,113
Total deposits (1)	19,797	25,173	30,598	32,700	41,904	39,574

Note:—

(1) Excluding loans and deposits from Norges Bank.

In common with other Norwegian commercial banks, the amount due by the Bank to foreign banks as a percentage of total deposits has increased during the period 1980 to 1984. This increase is largely attributable to the increase in the Bank's foreign currency lending, which has been partly funded by deposits from foreign banks as well as through funds raised on the international money and capital markets.

The maturities of DnC's deposits other than from banks as at 31st December, 1983 and 1984 and 30th April, 1985 are shown in the following table:—

	As at 31st December,		As at 30th April,
	1983	1984	1985
	<i>(millions of NOK)</i>		<i>(unaudited)</i>
Three months' notice	1,666	1,454	1,351
Twelve months' notice	5,703	7,200	7,659
Placement accounts (1)	1,505	1,180	1,053
Fixed term deposits	93	117	123
Salary accounts	1,253	1,285	1,249
Current accounts	2,617	3,799	3,470
Foreign currency	3,225	4,418	4,522
Deposits on special terms	9,292	11,399	10,640
Total deposits other than from banks . .	25,354	30,852	30,067

Note:—

(1) Placement accounts offer increased interest rates for long-term deposits. The deposits have no fixed maturity and carry interest at a rate equivalent to approximately 10 per cent. over two years and more. Early withdrawal of deposits is penalised by reduction in the rate of interest received, except when 24 months' notice is given.

In accordance with Norwegian practice, the Bank pays interest on personal cheque accounts into which salaries are paid directly by employers (salary accounts). Interest paid on ordinary term deposits ranges from 5 to 11.5 per cent. per annum depending upon amount and maturity.

Lending

DnC provides loan finance to private individuals and to entities engaged in a wide spectrum of Norwegian commerce and industry. Being the largest Norwegian commercial bank, DnC counts amongst its clients a high proportion of Norway's leading companies. Norwegian law limits the exposure of a commercial bank to any single customer to an amount equal to one-half of the aggregate of such bank's equity and its subordinated loan capital approved by the Ministry of Finance for the purpose of establishing its legal lending limit. Certain categories of loans (loans to or guaranteed by the Norwegian state and state institutions and loans secured by collateral as specified by law) are exempted from the maximum limitation.

The Bank has established specialised credit departments for its lending to public authorities and to various sectors of the Norwegian economy, such as the manufacturing, shipping, trade and service industries, and to the petroleum exploration and production industry in Norway and abroad. The Bank's exposure to the various sectors is centrally co-ordinated in order to attain satisfactory diversification and spread of risk.

At 30th April, 1985, the Bank had outstanding loans totalling NOK 36,143 million equivalent and undisbursed commitments of NOK 6,347 million equivalent.

The following table shows the breakdown of the Bank's loan portfolio by sector as at the dates shown:—

	As at 31st December,				
	1980	1981	1982	1983	1984
	<i>(millions of NOK)</i>				
Agriculture, fishing and forestry	289	319	343	340	380
Mining, quarrying and oil extraction	27	77	180	246	1,046
Manufacturing:					
Foodstuffs	226	291	206	283	293
Pulp and paper mills and wood products	321	342	375	451	512
Chemicals, petrochemicals and oil	384	543	446	369	698
Metals	192	293	403	350	380
Heavy engineering	786	1,347	818	1,090	816
Other	181	192	165	168	215
Construction	362	444	766	858	1,157
Wholesale and retail trade	2,068	2,076	2,691	3,152	2,774
Shipping	501	1,022	1,657	1,917	3,500
Service industries	1,590	1,645	2,039	2,494	2,814
Individuals	5,139	6,084	7,244	8,447	10,361
Central government and municipalities	437	218	497	612	559
Other loans	409	1,023	2,074	4,500	7,643
Less: Provision for general loan losses	(520)	(669)	(836)	(1,022)	(1,161)
Total loans	12,392	15,247	19,068	24,255	31,987

Loans made by the Bank comprise discounted commercial bills, loans under hire-purchase contracts, short-term operating facilities and medium- and long-term credits for the financing of investments in plant and other forms of capital investment. At 31st December, 1984, approximately 32 per cent. of total loans outstanding had been granted to individuals, with particular emphasis on loans to finance house purchases.

The great majority of the Bank's loans are for maturities of less than ten years. The right of the Bank to adjust interest rates on domestic kroner loans was, until 24th September, 1985, restricted by Government guidelines which controlled average interest rates. The Bank charges a commitment commission in respect of short-term operating facilities made available to clients, in addition to the interest charged on amounts advanced. The average rate of return on these facilities, which are normally secured, is higher than for medium- and long-term lending. Interest on loans denominated in foreign currency is normally charged on a floating rate basis.

As at the dates shown, the outstanding balances of loans and credits of the Bank, classified by financial instrument, were as follows:—

	As at 31st December,					As at
	1980	1981	1982	1983	1984	30th April, 1985
	<i>(millions of NOK)</i>					<i>(unaudited)</i>
Commercial bills	404	377	305	268	307	277
Loans under hire-purchase contracts	268	266	273	254	187	161
Short-term operating facilities	3,026	3,793	3,393	3,845	4,958	7,349
Construction loans (1)	1,394	1,548	1,626	1,423	1,606	1,761
Term loans	7,820	9,932	14,307	19,487	26,090	26,595
Less: Provision for general loan losses	(520)	(669)	(836)	(1,022)	(1,161)	(1,161)
Total loans and credits drawn	12,392	15,247	19,068	24,255	31,987	34,982

Notes:—

(1) Advanced for maturities of up to two years for building construction and the construction of plant, capital equipment and ships.

Guarantees and Unutilised Documentary Credits

The Bank provides financial and performance guarantees required by institutional and other lenders in Norway and abroad. Except for guarantees in respect of bonds issued by financial institutions whose on-lending is given on a secured basis, guarantees are generally secured by charges over assets. The Bank charges a guarantee commission varying from ½ per cent. to 2 per cent. per annum, depending upon the standing of the principal obligor and security provided.

Total guarantees and unutilised documentary credits outstanding as at the dates shown were as follows:—

	As at 31st December,					As at 30th April,
	1980	1981	1982	1983	1984	1985
	<i>(millions of NOK)</i>					<i>(unaudited)</i>
Total guarantees	3,330	4,575	5,405	5,920	6,454	6,515
Unutilised documentary credits	283	189	270	578	1,353	1,524
Total	3,613	4,764	5,675	6,498	7,807	8,039

The following table sets out the guarantees of DnC outstanding as at 31st December, 1984:—

	<i>(millions of NOK)</i>
Payment guarantees	1,932
Loan guarantees	2,539
Contract guarantees	1,509
Guarantees for taxes, customs and stamp duty	417
Miscellaneous	57
Total guarantees	6,454

Norwegian law requires that a bank's total guarantee liability should not exceed its equity and approved subordinated loan capital. If, however, guarantees represent insignificant risk or if they are secured according to specific rules, the total guarantee liability can be increased to 250 per cent. of the bank's equity and approved subordinated loan capital. The Ministry of Finance may consent to a bank's total guarantee liability in respect of certain categories of guarantees exceeding these limits.

Loan Loss Experience and Reserves

Under current Norwegian regulations, commercial banks may in each year reserve against general losses out of pre-tax income an amount of up to 1 per cent. of the principal amount of loans outstanding at the end of that year, until the total accumulated reserve is equal to 5 per cent. of such principal amount. In addition, specific provision may be made against loans which management believes are unlikely to be repaid. The amounts charged against income, both in respect of credit losses and in respect of the reserve, are set out in the following table:—

	As at 31st December,				
	1980	1981	1982	1983	1984
		<i>(millions of NOK)</i>			
Total loans and credits (1)	12,392	15,247	19,068	24,255	31,987
Losses on loans and credits	8	10	32	67	192
Annual reserves for loan losses	78	159	199	253	331
Additional reserve (2)	15	—	—	—	—
Cumulative reserves for general loan losses	520	669	836	1,022	1,161
		<i>(per cent.)</i>			
Loan losses as percentage of total loans	0.06	0.07	0.17	0.28	0.60
Cumulative reserves for general loan losses as percentage of total loans	4.03	4.20	4.20	4.04	3.50

Notes:—

(1) After deduction of cumulative reserves for general loan losses.

(2) Arising from the merger with Opplandsbanken.

In 1984, the Bank experienced a loss on guarantees which amounted to NOK 1.1 million.

International Business

International banking is an important and expanding part of DnC's business and, contributed significantly to profit in each of the last five years. The Bank is engaged in foreign exchange trading and securities trading, provides short-, medium- and long-term financing and takes and places deposits in foreign currency. In addition, the Bank handles a substantial part of the international payments made through Norwegian banks and provides assistance to clients investing or operating abroad.

The Bank's foreign exchange business contributed importantly to overall operating profit in 1984. By far the largest portion of the Bank's foreign exchange earnings comes from arbitrage dealings with foreign banks. DnC deals actively in 18 currencies. Arbitrage is carried out in direct competition with banks operating in the international markets, and the margins on individual transactions are low. DnC, however, has built up a high turnover in this market, which requires a large, well qualified staff and advanced technical equipment. As a matter of long-standing internal policy, DnC's foreign exchange positions in each currency are, as far as practicable, matched at the end of each day, with the exception of small internal limits.

In 1984, DnC acted as lead manager in three Euro-kroner bond issues. The Bank also has a well-established position in the short- and medium-term syndicated loan market. In aggregate, DnC arranged loans for its Norwegian and foreign clients for the equivalent of \$2,133 million in 1984. Project financing plays an important role in the Bank's overseas lending, and the Bank is a significant provider of loans to the industrial, oil and shipping sectors.

DnC maintains relationships with some 6,500 correspondent banks around the world and is a member of, and participates in, Cedel S.A. Luxembourg, Euro-clear Clearance System p.l.c. and the Society for Worldwide Interbank Financial Telecommunications (SWIFT), Brussels. Some 1,825 banks maintain account relationships in Norwegian kroner with DnC, while the Bank has approximately 600 accounts with foreign banks in local currencies.

The Bank has wholly owned subsidiaries, being, in London, Nordic Bank, in Luxembourg, DnC (Luxembourg), in Amsterdam, Ship Mortgage International Bank N.V. and, in Houston, DnC Finance. The Bank also has a 25 per cent. shareholding in Nordic American Banking Corporation ("NABC") in New York, and is in the process of acquiring the other 75 per cent. of the shares. The Bank also has a 10 per

cent shareholding in Manufacturers Hanover Banque Nordique. The Bank has representative offices in Beijing, Cairo, Denver, Dubai, Düsseldorf, Hamburg, Houston, Osaka, Rotterdam, Sao Paulo, Sydney and Tokyo. Nordic Bank has a branch in Singapore and a wholly owned subsidiary, Nordic Asia Limited, in Hong Kong, which report directly to Oslo.

Nordic Bank in London specialises in providing financial services for corporate customers, primarily in the U.K. and the Nordic countries. It has particular expertise in the oil and offshore sectors and has specialist departments offering lease financing services, project finance facilities and capital market products. Its dealing room trades a wide range of treasury instruments and offers a comprehensive foreign exchange service in all the major currencies. Nordic Bank and its subsidiaries had total assets of £1,511 million (\$1,749 million at the exchange rate then prevailing) as at 31st December, 1984, compared with £1,406 million (\$2,039.5 million) as at 31st December, 1983.

DnC (Luxembourg) engages in corporate banking within specialised areas, as well as private customer business in Continental Europe. The bank's trading activities include foreign exchange and securities. At 31st December, 1984, DnC (Luxembourg) had total assets of Lux.Frs. 53.8 billion (\$850.0 million at the exchange rate then prevailing), representing an increase of about 6.3 per cent. over the corresponding figure for the previous year.

NABC provides a full range of merchant banking services primarily to Nordic companies with interests in North America, including short and long term corporate and project finance loans, advisory services on acquisitions, private placements of debt/equity, industrial revenue bond financing, venture capital and project finance advisory services. The bank's trading activities include foreign exchange (with emphasis on Nordic currencies) and U.S. Government securities arbitrage trading, conducted through a wholly owned subsidiary, Norden Capital Markets, Inc. Total assets of the bank at 1984 year end were more than \$561 million, including more than \$463 million in loans.

Ship Mortgage International Bank N.V. in Amsterdam specialises in making loans and guarantees to the shipping and offshore industries. The bank had total assets of \$91.1 million at year end 1984, compared with \$110.2 million at year end 1983.

DnC Finance was established as a Delaware corporation in December 1984.

Domestic Securities Activities

DnC is a leading bank in the domestic capital market. It manages new equity and bond issues and acts as a broker in stocks and bonds in Norway. The requirements imposed on Norwegian banks to take up and hold government and certain other bond issues were abolished with effect from 1st January, 1985. This has resulted in high interest rates and reduced new issue activity. Secondary market activity is increasing and DnC operates as a market maker.

New bond issue activity totalled NOK 27,994 million in 1984. Of this amount, bonds issued by the Norwegian government and State banks accounted for NOK 15,472 million and bonds issued by municipalities, loan associations and companies totalled NOK 12,522 million. During the year, DnC was lead manager for six public bond issues totalling NOK 981.0 million and arranged 21 private and public stock issues totalling NOK 718 million. As at date of this document, DnC has during 1985 lead-managed bond issues totalling NOK 880 million and public stock offerings of NOK 754 million.

At 31st December, 1984, the Bank's portfolio of bonds had a book value of NOK 7,880 million, of which NOK 3,897 million were Norwegian government guaranteed bonds. At that date, the market value of DnC's portfolio amounted to NOK 7,672 million.

UNAUDITED INTERIM ACCOUNTS

The following are the published unaudited interim accounts of DnC for the four months ended 30th April, 1984 and 1985:—

BALANCE SHEET AS AT 30TH APRIL,

	1984	1985
	<i>(millions of NOK)</i>	
ASSETS		
Cash and ordinary deposits with banks	2,247.8	1,836.4
Short term portfolio of securities	10,282.0	13,159.7
Loans	25,856.6	36,143.2
Allocations for possible loan losses	(1,021.6)	(1,161.4)
Other assets	1,253.2	1,581.8
Bank premises, fittings, machinery etc.	2,500.2	3,100.5
Total assets	41,118.2	54,660.2
LIABILITIES AND EQUITY		
Deposits from banks	7,220.9	11,155.9
Deposits from customers	25,595.3	30,066.6
Other liabilities	5,390.3	9,934.0
	38,206.5	51,156.5
Subordinated loan capital	889.0	1,027.0
Provisionally tax free reserves	279.3	692.0
Equity capital	1,743.4	1,784.7
Total capital base	2,911.7	3,503.7
Total liabilities and equity	41,118.2	54,660.2

PROFIT AND LOSS ACCOUNT FOR THE FOUR MONTHS ENDED 30TH APRIL,

	1984	1985
	<i>(millions of NOK)</i>	
Interest income, credit commissions and dividends	1,506.5	1,978.5
Interest expenses	(1,057.9)	(1,467.5)
Net interest and credit commissions income	448.6	511.0
Other operating income	239.2	345.8
Personnel expenses	(218.5)	(250.8)
Other operating expenses	(200.3)	(247.3)
Ordinary depreciation (assessed)	(27.3)	(35.0)
Operating profit before allocation for losses	241.7	323.7
Allocation for possible loan losses	(86.9)	(109.2)
Net extraordinary items	3.0	58.5
Profit before year-end adjustments	157.8	273.0
Average total assets	40,248.3	54,066.6
Key figures on a yearly basis		
Operating profit before allocations for losses as a percentage of average total assets (<i>per cent.</i>)	1.80	1.80
Profit before year-end adjustments per share (<i>in NOK</i>) (1)	41.50	57.40

Note:—

(1) The profit for 1985 is measured against share capital prior to the rights issue in May 1985 and the bonus issue in June 1985.

SUBSIDIARIES AND ASSOCIATED COMPANIES

The following table sets out the principal subsidiaries and major shareholdings of the Bank at 30th April, 1985:—

Name of company	Business	DnC's ownership		
		Total share capital	Nominal value (1)	Percentage
Subsidiaries		<i>(thousands of NOK)</i>		
Nordic Bank PLC, London	commercial and investment banking	493,505	493,505	100
Nordic Asia Limited, Hong Kong (2)	commercial banking	93,765	93,765	100
Den norske Creditbank (Luxembourg) S.A.	commercial banking	107,100	107,100	100
Ship Mortgage International Bank N.V., Amsterdam (3)	ship financing	55,813	55,813	100
Den norske Creditbank Finance Corporation	finance company	44,650	44,650	100
A/S Kirkegaten 24	property company/finance company	22,500	22,500	100
A/S Factoring Finans	factoring and leasing	25,000	21,250	85
A/S Bankgården	property company	100	100	100
Jøtun & Co. A/S	securities and loan brokerage	1,000	1,000	100
Oslo Varedistribunal A/S	distribution and storage company	400	400	100
Vera Empreendimentos S.A.	holding company	2,688	2,688	100
Norwegian financial institutions in which DnC has shareholdings				
Norsk Skibs Hypothekbank A/S	granting first priority mortgage loans on ships	90,000	30,000	33
Norges Skibshypotek A/S	granting first priority mortgage loans on ships	90,000	4,273	5
A/S Låneinstituttet for skipsbyggeriene	granting loans to shipbuilders	90,000	14,984	17
A/S Eksportfinans	long- and medium-term lending to trade and industry for export	82,500	19,920	24
A/S Næringskreditt	financing of commercial activity	91,125	7,865	9
Næringslivets Investeringselskap A/S Nærings-Invest	equity financing for industry	15,000	1,275	9
Nord og Syd Norsk Kredittforsikring A/S	credit insurance	20,000	10,000	50
Den norske Industribank	long-term industrial financing	120,000	9,849	8
Norfond	unit-trust management	1,200	600	50
Foreign banks in which DnC has shareholdings				
Nordic American Banking Corporation, New York (4)	commercial and investment banking activities	142,880	35,720	25
Manufacturers Hanover Banque Nordique, Paris	commercial banking	61,549	6,155	10

Notes:—

- (1) Amounts of share capital denominated in foreign currencies have been translated into kroner at the middle rate quoted by the Oslo Stock Exchange on 30th April, 1985.
- (2) Nordic Asia Limited is wholly-owned by Nordic Bank.
- (3) Two-thirds of the share capital in Ship Mortgage International Bank N.V. is owned by DnC Luxembourg and the balance by DnC.
- (4) DnC is in the process of acquiring control—see page 25.

SUPERVISORY BOARD, BOARD OF DIRECTORS, MANAGEMENT AND CONTROL COMMITTEE

The following are the members of the Supervisory Board and their deputies, the members of the Board of Directors, the Management and members of the Control Committee of the Bank:—

Supervisory Board

Jannik Lindbæk, *Chairman*

Harriet Andreassen, *Vice-Chairman*

Elected by Parliament:—

Members

Tore Lindholt
John Sakseide
Per Svardal
Marit Fløtten
Francis Sejersted
Ole Dramdal
Aslaug Fadum
Anne Johanne Kvale

Deputies

Sissel Halvorsen
Annar H. Lille-Mæhlum
Anne Marie Wallin
Jan Aaboen
Berthon Rott
Ada Hærum
Ida Fossum Tønnesen
Thor Solberg
Ivar Belck-Olsen

Elected by the shareholders:—

Members

Jannik Lindbæk
Harriet Andreassen
Egil Abrahamsen
Svein Erik Amundsen
Gerd Kjellaug Berge
Thorleif Borge
Frederik M. Bugge
Thor Falkanger
Hans Jørgen Frank
Kaspar K. Kielland
Knut A. Knudsen
Odd Langmoen
Frithjof A. Lind
Matias Moldestad
Aksel Olsen
Leif Onarheim
Anne Cathrine Høeg Rasmussen
Christian K. Rytter
Knut S. Selmer
Grete Thrane
G. A. Treschow
Anne Vik
Wilhelm Wilhelmsen
Torvild Aakvaag

Deputies

Sigurd Astrup
Hilde Bretvin
Ove Collett
Karin Eline Egeberg
Kristine Foss
Bjarne Gravdal
Nanne Kindt Grut
Helge S. Hjelseth
Søren Laland
Haakon Langballe
Tore Lærdal
Haaken S. Mathiesen
Gro Mollnes
Ragnhild Nordby
Anders Ringnes
Sven A. Solberg
Trygve Tamburstuen
Aud Trætberg

Elected by the employees:—

Members

Jens Cock
Asbjørn Bråten*
Ellen Solem
Kjell Hansen
Leif Elstad

Deputies

Lise Henstad
Frithjof Holst-Pedersen
Tore Lund Larsen
Kjell Hansen
Ivar Johansen

Rolf Siljedal*
Paul Berg
Ragnhild Fremstad
Tale Svalheim**
Bjørn Davidsen
Bente Borthen
Hilde Knoph Fallang

Elin Ottem
Arnt Eilertsen
Svenn Jensen
Tor Fredriksen
Kåre Løvaas
Bodil Svanberg
Knut Larsen

*Not a member of the Supervisory Board as long as he is a deputy member of the Board of Directors.

**Not a member of the Supervisory Board as long as she is a member of the Board of Directors.

Board of Directors

Knud-Endre Knudsen, *Chairman*; Consulting Engineer in private practice Oslo

Christian Steen, *Vice Chairman*; Managing Director of Steen & Strøm A/S Oslo

Members

Odd Højedahl; - Chief Executive of the Norwegian Labour Supervisory Agency Oslo

Gerhard Heiberg; Managing Director of A/S Norcem Oslo

Idar Ulstein; Managing Director of Ulstein Hatlø A/S Ulsteinvik

Sjur Galtung; Managing Director of Scan-Carriers A/S Oslo

Wenche Frogn Sellæg; Hospital Administrator, Namdal Sykehus Overhalla

Tale Svalheim Oslo

Leif Terje Løddesøl, President and Chief Executive Officer Oslo

Deputies for Managing Director

Borger A. Lenth, Deputy Managing Director Oslo

Finn V. Borgersen, Deputy Managing Director Oslo

Axel Dammann, Deputy Managing Director Oslo

Harald Arnkværn, Deputy Managing Director Oslo

Lars U. Thulin, Deputy Managing Director Oslo

Harald Moen, Deputy Managing Director Oslo

Management

Leif Terje Løddesøl

Borger A. Lenth

Finn V. Borgersen

Axel Dammann

Harald Arnkværn

Lars U. Thulin

Harald Moen

Ivar Saunes

Control Committee

Thor Falkanger, *Chairman*

Members

Anders Ringnes

Aslaug Fadum

Ove Collett

Deputy

Tore Lindholt

EMPLOYEES

At 30th April, 1985, the Bank had a total of 4,383 employees. Approximately 95 per cent. of its employees are members of the Norwegian Bank Employees' Union. The management of the Bank is of the opinion that its employee relations are good. Agreements are periodically made between the Norwegian Bank Employees' Union and the Employers' Association of the Norwegian Commercial Banks, of which the Bank is a member. The current agreement is due to expire on 30th April, 1986.

AUDITORS' REPORT

To: The Supervisory Board,
Den norske Creditbank.

We are and have been since 13th March, 1979 auditors to Den norske Creditbank (the "Bank"). We have accordingly examined the Balance Sheets of the Bank at 31st December, 1983 and 1984 and the Profit and Loss Accounts for the five years ended on 31st December, 1984 as set out in the Circular dated 4th October, 1985 (the "Circular").

In our opinion, the said Balance Sheets of the Bank at 31st December, 1983 and 1984, the Profit and Loss Accounts for the five years ended on 31st December, 1984 and the Explanatory Notes thereto contained in the Circular present a true and fair view of the financial position and the results of the operations of the Bank at those dates and for the periods referred to and are extracted from the published accounts of the Bank which were prepared in conformity with principles of accounting generally accepted for banks in Norway applied on a consistent basis.

KMG Norsk Revisjon a.s

Svein N. Eriksen Steinar Jarlsbo

Chartered Accountants (Norway)

4th October, 1985

DEN NORSKE CREDITBANK

PROFIT AND LOSS ACCOUNT

FOR THE FIVE YEARS ENDED 31ST DECEMBER, 1984

	1980	1981	1982	1983	1984
	<i>(millions of NOK)</i>				
Income					
Interest and dividends received (Note 2)	1,961.5	2,712.3	3,498.7	3,876.7	4,719.0
Interest paid (Note 3)	1,415.4	2,014.1	2,661.6	2,737.6	3,509.2
Net interest	546.1	698.2	837.1	1,139.1	1,209.8
Commissions and fees (Note 4)	338.3	403.9	483.7	543.6	690.2
Profit on foreign exchange operations	94.0	109.6	92.3	74.4	146.5
Other ordinary income (Note 5)	56.0	49.7	71.7	171.0	255.1
Net interest income and other income	1,034.4	1,261.4	1,484.8	1,928.1	2,301.6
Operating costs and depreciation					
Personnel costs	420.5	500.2	585.9	662.4	744.9
Other operating expenditures	327.0	343.6	410.6	549.0	651.4
Ordinary depreciation (Note 6)	40.7	58.8	112.2	98.8	93.4
Cost of operations	788.2	902.6	1,108.7	1,310.2	1,489.7
Operating profit after ordinary depreciation	246.2	358.8	376.1	617.9	811.9
Extraordinary income (Note 7)	8.3	3.5	3.5	2.5	6.1
Extraordinary costs (Note 8)	3.6	5.2	17.2	8.7	7.1
Net result before reserve for loan losses and taxes	250.9	357.1	362.4	611.7	810.9
Reserve for loan losses (Note 9)	77.8	159.1	199.0	252.7	331.5
Taxes	20.0	45.6	18.1	36.5	55.8
Net profit	153.1	152.4	145.3	322.5	423.6

These statements should be read in conjunction with the Explanatory Notes on pages 36 to 39.

	1983	1984
	<i>(thousands of NOK)</i>	
ASSETS		
Cash on hand, balances with Norges Bank and on Post Office Giro account <i>(Note 11)</i>	142,930	287,515
Balances with domestic banks	200,441	682,094
Balances with foreign banks	2,691,726	2,437,478
Treasury bills	615,025	4,355,000
Bearer bonds <i>(Note 12)</i>	8,632,332	7,880,060
Shares <i>(Note 13)</i>	1,207,954	2,108,926
Loans and credits <i>(Note 14)</i>	24,254,697	31,986,728
Office equipment, machinery, etc.	157,934	330,308
Bank premises and other real estate <i>(Note 15)</i>	891,491	1,198,381
Letters of credit, accrued interest receivable and other assets <i>(Note 16)</i>	932,718	1,554,734
Total assets	<u>39,727,248</u>	<u>52,821,224</u>

These statements should be read in conjunctio

CREDITBANK
HEETS
ECEMBER,

	1983	1984
LIABILITIES AND EQUITY CAPITAL	<i>(thousands of NOK)</i>	
Deposits, other than from banks <i>(Note 17)</i>	25,353,508	30,852,132
Due to domestic banks	225,135	318,403
Due to foreign banks	7,121,071	10,733,462
Loans from Norges Bank <i>(Note 18)</i>	78,839	84,829
Interest accrued not yet due, bills accepted, assessed unpaid taxes, dividend for the year and other liabilities <i>(Note 19)</i>	4,262,977	7,310,259
Subordinated loan capital	885,500	1,045,350
Share capital <i>(Note 20)</i>	896,000	1,120,000
Legal reserve	400,000	438,200
Other reserves <i>(Note 21)</i>	504,218	918,589
Total liabilities and equity capital	<u>39,727,248</u>	<u>52,821,224</u>

th the Explanatory Notes on pages 36 to 39.

DEN NORSKE CREDITBANK

EXPLANATORY NOTES TO THE ACCOUNTS

1. Principles of accounting

(a) General

The accounts of the Bank are extracted from the published accounts of the Bank which are prepared in accordance with principles generally accepted for the preparation of accounts for banks in Norway and comply with rules prescribed by the Norwegian Bank Inspectorate. Audited Consolidated accounts are not prepared. Partnerships of which the Bank is a member are shown under "Other assets".

(b) Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Norwegian kroner at the relevant balance sheet dates at the rates of exchange ruling on those dates.

2. Interests and dividends received

	Year ended 31st December,				
	1980	1981	1982	1983	1984
	<i>(millions of NOK)</i>				
Interest received from Norwegian banks	24.3	8.1	11.9	17.3	31.7
Interest received from foreign banks	18.8	74.4	254.5	191.0	118.0
Interest on Treasury bills and bearer bonds (Note 7)	560.0	768.7	883.8	922.8	1,143.7
Dividends on shares	19.7	28.9	40.9	41.1	49.8
Interest on loans	1,335.8	1,829.9	2,298.6	2,696.7	3,372.0
Other interest earned	2.9	2.3	9.0	7.8	3.8
	<u>1,961.5</u>	<u>2,712.3</u>	<u>3,498.7</u>	<u>3,876.7</u>	<u>4,719.0</u>

3. Interest paid

	Year ended 31st December,				
	1980	1981	1982	1983	1984
	<i>(millions of NOK)</i>				
Interest paid to other than banks	1,232.8	1,527.6	1,748.9	1,931.4	2,303.9
Interest paid to Norwegian banks	20.0	26.3	31.2	24.9	52.1
Interest paid to foreign banks	148.3	372.3	701.7	512.6	665.8
Other interest paid	11.8	64.5	118.6	219.1	376.5
Interest paid on subordinated loan capital	2.5	23.4	61.2	49.6	110.9
	<u>1,415.4</u>	<u>2,014.1</u>	<u>2,661.6</u>	<u>2,737.6</u>	<u>3,509.2</u>

4. Commissions and fees

	Year ended 31st December,				
	1980	1981	1982	1983	1984
	<i>(millions of NOK)</i>				
Commissions earned	227.2	262.0	317.0	325.4	379.4
Fees	111.1	141.9	166.7	218.2	310.8
	<u>338.3</u>	<u>403.9</u>	<u>483.7</u>	<u>543.6</u>	<u>690.2</u>

5. Other ordinary income

	Year ended 31st December,				
	1980	1981	1982	1983	1984
	<i>(millions of NOK)</i>				
Income from bank premises and other real estate	45.5	24.0	27.7	35.4	40.1
Profit (Loss) on holding and trading of shares and bearer bonds	(1.8)	2.2	18.0	42.9	168.6
Other income	12.3	23.5	26.0	92.7	46.4
	<u>56.0</u>	<u>49.7</u>	<u>71.7</u>	<u>171.0</u>	<u>255.1</u>

6. Ordinary depreciation

The Bank applied declining depreciation principles in 1983 and 1984, as opposed to straight line depreciation used up to and including 1982.

7. Extraordinary income

	Year ended 31st December,				
	1980	1981	1982	1983	1984
	(millions of NOK)				
Amounts recovered on claims previously written off	7.5	1.7	2.4	1.7	4.6
Profit on sale of real estate	0.8	1.8	1.1	0.8	1.5
	<u>8.3</u>	<u>3.5</u>	<u>3.5</u>	<u>2.5</u>	<u>6.1</u>

Interest earned but not received on bonds is included in interest on Treasury bills and bearer bonds.

8. Extraordinary costs

Amounts paid on guarantees called losses but not including losses on loans.

9. Reserve for loan losses

	Year ended 31st December,				
	1980	1981	1982	1983	1984
	(millions of NOK)				
Balance of reserve for loan losses at beginning of year	435	520	669	836	1,022
Realised losses charged during year	8	10	32	67	192
Allocation made to reserve for loan losses at end of year	78	159	199	253	331
Addition resulting from merger with Öpplandsbanken	15	—	—	—	—
Balance of reserve for loan losses at end of year	<u>520</u>	<u>669</u>	<u>836</u>	<u>1,022</u>	<u>1,161</u>

10. Statement of appropriation to reserves and equity

	Year ended 31st December,				
	1980	1981	1982	1983	1984
	(millions of NOK)				
1st January					
Legal reserve	260.0	331.8	348.6	362.7	400.0
Other reserves (Note 21)	205.2	231.9	299.3	293.0	504.2
Total retained earnings (1)	465.2	563.7	647.9	655.7	904.2
Net profit for the year	153.1	152.4	145.3	322.5	423.6
Revaluation of bank premises	—	—	—	96.0	—
Extraordinary depreciation for tax purposes (2)	(9.6)	(12.2)	(19.7)	(16.0)	(25.4)
Tax conditional depreciation (3)	—	—	—	—	(89.7)
Tax conditional fixed assets reserves (3)	—	—	—	—	305.4
Allocation to future pension cost	—	(15.0)	(35.0)	(39.0)	(20.0)
Dividend declared	(67.2)	(78.4)	(87.4)	(116.5)	(145.6)
Release of provision made but no longer required for taxes	28.2	9.1	4.6	—	—
Other items	(6.0)	—	—	1.5	4.3
31st December – Retained earnings	<u>563.7</u>	<u>619.6</u>	<u>655.7</u>	<u>904.2</u>	<u>1,356.8</u>

Stated before taking into account related deferred tax liabilities of NOK 432.9 million for 1984 (NOK 223.2 million for 1983). The management is of the opinion that these tax liabilities will not crystallise in the foreseeable future.

Notes:—

(1) The difference between retained earnings at 31st December, 1981 and total retained earnings at 1st January, 1982 is due to a tax reassessment for 1981. The reassessment, due to a clarification of an interpretation following a change in Norwegian tax laws, resulted in increased allocation to reserves. The figures at 1st January, 1982 take this into account.

(2) The Bank is permitted to transfer to equity an amount from certain reserve funds, a statutorily specified proportion of which must be used for extraordinary depreciation of the Bank's fixed assets.

(3) In compliance with changed regulations of the Bank Inspectorate, the Bank has altered the method of booking tax conditional depreciation and write-downs. Fixed assets are shown at the book value after ordinary depreciation. The difference in relation to the depreciated values for tax purposes is booked under tax conditional fixed assets reserves. Tax conditional write-downs and depreciation previously effected have been corrected directly in the Balance Sheet, without going via the Profit and Loss Account. The book value of the assets are within the market values.

The tax conditional reserves are as follows:—

	(thousands of NOK)	
	in 1984	Accumulated Total
Machinery, fittings and vehicles*	55,655	104,479
Bank buildings and other real estate	59,527	200,932
Total	<u>115,182</u>	<u>305,411</u>
*Of which capital assets leased out	22,149	22,149

11. Cash balances

	As at 31st December,	
	1983	1984
	<i>(millions of NOK)</i>	
Cash	132.3	187.9
On account with Norges Bank	3.2	91.4
Balances on Post Office Giro account	7.4	8.2
	<u>142.9</u>	<u>287.5</u>

12. Bearer bonds

Bonds are stated at cost. The aggregate book value at 31st December, 1984 was approximately NOK 209 million in excess of market value (1983—NOK 367 million).

	As at 31st December,	
	1983	1984
	<i>(millions of NOK)</i>	
Norwegian Government and Government guaranteed bonds	4,957.8	3,897.0
Other bearer bonds	3,674.5	3,983.1
	<u>8,632.3</u>	<u>7,880.1</u>

13. Shares

Shares are stated at book value. Of the book value at 31st December, 1984 of NOK 2,109 million, NOK 1,023 million represents shares in subsidiaries in Norway and abroad (1983—NOK 1,028 million and NOK 548 million).

The Bank's shares in foreign currency, which are intended to be retained, are booked at purchase price in the nominal currency of the shares. Since the shares have nominal values in foreign currencies, these are included in the Bank's total foreign exchange position and are balanced by a corresponding liabilities item or covered on the forward market. The shares are thus covered for the currency risk. This forward cover results in the book value of the shares expressed in Norwegian kroner varying from day to day dependent on the foreign exchange rates.

14. Loans and Credits

	As at 31st December,	
	1983	1984
	<i>(millions of NOK)</i>	
Commercial bills	268.3	306.9
Loans under hire-purchase contracts	253.6	186.6
Short-term operating facilities (usually secured)	3,794.6	4,900.5
Credits to finance construction	1,423.3	1,605.6
Term loans	18,514.9	24,987.1
	<u>24,254.7</u>	<u>31,986.7</u>

Note: Stated after deduction of reserves for general loan losses.

15. Bank premises and other real estate

Bank premises and shares in property companies were revalued in 1976, 1977 and 1983 by a total of NOK 197.1 million (see Note (2) to Note (10)). This amount will be taxable in case of sale. Buildings and shares were, however, only revalued by half of assessed value, above and beyond their book value in the years of revaluation.

16. Letters of credit, accrued interest receivable and other assets

	As at 31st December,	
	1983	1984
	<i>(millions of NOK)</i>	
Fixed deposits with Norges Bank	17.2	61.4
Letters of credit	75.2	87.1
Interest earned but not yet due	530.2	603.4
Sundry assets (including cheques in transit)	310.1	802.8
	<u>932.7</u>	<u>1,554.7</u>

17. Deposits, other than from banks

	As at 31st December,	
	1983	1984
	<i>(millions of NOK)</i>	
Demand deposits	6,061.0	7,978.4
Time and fixed deposits	19,292.5	22,873.7
	<u>25,353.5</u>	<u>30,852.1</u>

Deposits from subsidiaries and affiliates of the Bank amounted to NOK 1,442.3 million at 31st December, 1984 (1983—NOK 482.7 million).

18. Loans from Norges Bank

Borrowing from Norges Bank fluctuates considerably according principally to Norwegian monetary and credit policy.

19. Interest accrued not yet due, bills accepted, assessed unpaid taxes, dividends for the year and other liabilities

Includes sundry liabilities of NOK 6,559.3 million (1983—NOK 3,750.3 million) comprising cheques in transit, trade creditors and amounts held on behalf of customers for tax payments.

20. Share capital

	As at 31st December,	
	1983	1984
	<i>(millions of NOK)</i>	
Authorised and issued shares of NOK 100 at par value	896	1,120

21. Other reserves

	As at 31st December,	
	1983	1984
	<i>(millions of NOK)</i>	
Tax-conditional fixed assets reserves	—	305.4
Negative balances fixed assets and replacement fund	—	1.4
Regional development fund	199.1	224.7
Revaluation fund	160.0	160.0
Consolidation fund	80.2	160.5
Unappropriated retained earnings	64.9	66.6
	504.2	918.6

22. Forward transactions in foreign currencies

	As at 31st December,	
	1983	1984
	<i>(millions of NOK)</i>	
Bought	13,137.9	87,035.7
Sold	11,893.3	84,116.0

23. Contingent liabilities

	As at 31st December,	
	1983	1984
	<i>(millions of NOK)</i>	
Guarantees for clients	5,920.1	6,454.2
	5,920.1	6,454.2

24. Pension liabilities

All employees of the Bank are covered by State retirement pensions. The Bank also normally makes annual payments of an actuarially calculated amount to an independent foundation, which are charged against income.

In both 1983 and 1984, the Bank made further payments of NOK 39 million and NOK 20 million respectively to the Pension Fund.

CONSOLIDATED REVIEW

Although the Bank does not prepare audited consolidated accounts, the following sets out an unaudited summary consolidated review of the DnC Group for 1983 and 1984 which has been based on the Bank's annual reports for those years:—

UNAUDITED SUMMARY CONSOLIDATED BALANCE SHEET

AS AT 31st DECEMBER,

	1983	1984		1983	1984
	<i>(millions of NOK)</i>			<i>(millions of NOK)</i>	
ASSETS			LIABILITIES AND EQUITY		
Cash and ordinary deposits with banks	9,258.7	9,259.2	Deposits other than from banks	28,414.3	35,360.2
Securities	9,976.6	16,127.0	Deposits from banks	17,148.3	25,520.0
Loans	31,558.9	44,476.1	Sundry liabilities	5,411.7	9,715.4
Sundry assets	1,431.9	2,652.7	Subordinated loan capital	1,424.8	1,805.3
Bank buildings, machinery etc.	2,176.2	2,437.7	Provisional tax-free allocations	290.2	721.0
			Minority interests	26.1	12.6
			Share capital	896.0	1,120.0
			Reserves	790.9	698.2
Total assets	54,402.3	74,952.7	Total liabilities and equity	54,402.3	74,952.7

UNAUDITED SUMMARY CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER,

	1983	1984
	<i>(millions of NOK)</i>	
Interest income and dividends	6,446.7	8,191.8
Interest expenses	4,814.3	6,361.8
Net interest income	1,632.4	1,830.0
Other operating income	739.0	1,013.9
Total net interest income and other income	2,371.4	2,843.9
Personnel expenses	759.3	872.4
Other operating expenses	613.0	779.2
Profit before taxes, depreciation, provisions and extraordinary items	999.1	1,192.3
Depreciation	155.5	108.3
Reserve for possible loan losses	372.1	553.6
Extraordinary income	38.7	68.1
Extraordinary costs	58.6	4.4
Taxes	66.5	93.3
Net profit	385.1	500.8
Of which attributable to minority interests	22.4	3.4

For the purposes of the above review:—

- (1) Subsidiaries are consolidated where DnC directly or together with other subsidiaries owns more than 50 per cent. of the voting share capital, or has a decisive influence in the running of the company.
- (2) In consolidation, inter-company income, expenses and dividends and the Bank's shareholdings in subsidiaries have been eliminated.
- (3) 50 per cent. of the figures for Nordic Bank are included in the review for 1983.

THE NORWEGIAN BANKING SYSTEM

THE BANKING SYSTEM

The Norwegian banking system comprises three categories of banks—commercial banks, savings banks and State banks (including the Post Office Giro). Banking in Norway is subject to close government inspection and control. Supervision of the banks is based primarily on regulations specified in the Bank Acts of 1961—one for commercial banks and one for savings banks. Each State bank is established and operates under separate Acts.

Commercial banks

Each commercial bank has to receive the consent of the King to commence operations and must operate within parameters established by the Commercial Bank Act of 1961 as amended (the "Bank Act"). At 31st December, 1984, there were 21 commercial banks registered in Norway, which as at 31st December, 1984 had total assets of approximately NOK 178 billion. The commercial banks are organised as limited companies. Their operations are subject to the supervision of the Norwegian Bank Inspectorate. Appointed under the Bank Inspection Act of 1956 (the "Inspection Act"), the Bank Inspectorate prescribes accounting principles to be followed by the banks, requires them to submit monthly statements of financial condition and conducts periodic inspections to ensure that their business is operated in accordance with the practices and within the spheres of activity set forth by the Bank Act and their Articles of Association.

The Bank Act provides that, if the audited balance sheet shows that a commercial bank has lost 25 per cent. of its share capital, the Board of Directors shall immediately inform the Supervisory Board and the Bank Inspectorate to such effect. The Supervisory Board may in such case decide either (i) to continue the activities of the bank or (ii) to transfer all of the capital and assets of the bank to another bank or (iii) to dissolve the bank. A decision to continue the bank requires approval from the Bank Inspectorate. The Bank Act further provides that insolvency proceedings cannot be commenced in respect of commercial banks. Where, after taking into account any support which may be forthcoming from the Guarantee Fund referred to below or otherwise, the solvency of a commercial bank remains in question, the management of the bank would, upon government decision, be assumed by a board appointed by the appropriate governmental authorities. Such authorities have a discretion to provide for the continued trading of the bank in question. If that discretion is not exercised, the board appointed by such authorities must provide for the winding up of the bank, and resulting distributions, if any, to depositors and creditors will be made in accordance with the Norwegian Bankruptcy Act.

Norwegian commercial banks are required to have a Supervisory Board consisting of 15, 30 or 45 members. Under current legislation, 8/15ths of the members of the Supervisory Board are elected by the shareholders, 4/15ths by the employees and 3/15ths by Parliament or, in the case of local banks, the County Assembly.

The functions of the Supervisory Board are, *inter alia*, to elect the Board of Directors, to stipulate policy guidelines for the activities of the bank, to decide upon increases or decreases of share capital and subordinated loan capital, to perform certain other supervisory roles and, jointly with the Board of Directors, to determine the level of dividends paid for the year. The Supervisory Board is responsible for electing a Control Committee to monitor compliance with its policy guidelines, the Articles of Association and statutory enactments affecting the bank. The Supervisory Board also engages the auditors of the bank. In addition, commercial banks are required to have a Board of Directors and a Managing Director. The Managing Director is appointed by a joint decision of the Supervisory Board and the Board of Directors and becomes a member of the Board of Directors. The Board of Directors is responsible for the conduct of banking operations including making decisions concerning credit transactions. Responsibility for the everyday conduct of a bank's business is vested in its Managing Director.

The Bank Act imposes certain financial ratio requirements and restrictions upon commercial banks which include (i) the requirement to allocate to legal reserves amounts determined by reference to the annual profits earned and dividends paid by the bank until the level of the legal reserve fund reaches one-half of share capital and approved subordinated debt, (ii) the maintenance of certain equity ratios and (iii) a restriction, which may be relaxed under certain circumstances, on investment in real property and shares to a maximum of 4 per cent. and 2 per cent., respectively, of total assets.

Under the Bank Act, each commercial bank, except for Fellesbanken A/S (owned by the savings banks) must, until a prescribed limit is reached, contribute to the Guarantee Fund annually an amount equal to 0.15 per cent. of its total assets. The Guarantee Fund, which is an independent legal entity, may at its discretion support the activities of member banks and ensure fulfilment of their obligations.

Savings banks

There are currently 229 savings banks in Norway. Like the commercial banks, the savings banks provide all types of banking services for both the business community and private customers and similarly operate under the Inspection Act. The commercial and savings banks together operate a giro system which permits inter-bank clearing of transactions. Savings banks, however, are organised as self-owned foundations.

State banks

Norges Bank is the central bank of Norway. Its responsibilities include issuing bank notes, acting as depositary and fiscal agent for the State and other usual central bank duties.

Other than the Post Office and Post Office Savings Bank, the State banks are not permitted to accept deposits from the public and do not engage in ordinary commercial banking business. They were established primarily to ensure the supply of credit to specific sectors of the economy on the basis of social, economic and regional criteria, and their activities are largely financed through bond issues or directly by the State budget.

MONETARY AND CREDIT REGULATIONS

The Ministry of Finance and Norges Bank are responsible for implementing Norway's monetary and credit policies. Implementation of monetary policy to attain specific economic goals is effected by liquidity reserve requirements, statutory placement requirements, the imposition of ceilings on lending and changes in the official discount rate. Borrowers from certain sectors of the economy are permitted unregulated access to the domestic bond market provided that the issue is for at least NOK 25 million. Measures taken by the authorities can significantly influence the extent and direction of the commercial banks' borrowing and lending activities by affecting the sources and cost of funds to the banks and the net interest differential realised on loans and other assets. A characteristic feature of Norwegian monetary and credit policy is co-operation between monetary authorities and Norwegian financial institutions, both in the formulation of policy and its implementation. This co-operation is formalised through regular meetings of The Credit Policy Advisory Council, a consultative body made up of members of the monetary authorities and representatives of the financial institutions in Norway.

Average interest rates on kroner loans were restricted by Government guidelines, but these restrictions were lifted with effect from 24th September, 1985. Since August 1984, the permitted average rate for short-term loans has been 12.6 per cent and for medium- and long-term loans 12.0 per cent, calculated as if paid semi-annually in advance.

REGULATION

Pursuant to powers granted under the Monetary and Credit Policy Act of 1965, as amended, commercial banks in southern Norway are from 1st February, 1985 required to maintain primary liquid reserves currently amounting to 15 per cent. of total loans to private customers. The obligation to maintain an absolute level of Norwegian government bonds under the bond investment requirement was lifted from 31st December, 1984.

All transactions in foreign currencies are controlled by the Ministry of Finance, other than those concerned with shipping which are controlled by the Ministry of Commerce and Shipping. The granting of certain permissions in this regard has been delegated to Norges Bank. Norwegian commercial banks active in the foreign exchange markets, transact such business under a general licence granted under the Currency Control Act of 1950 regulating payments to and from foreign countries.

APPENDIX V

General Information

1. DnC, having made all reasonable enquiries, confirms that this document contains all information with respect to DnC, DnC and its subsidiaries (taken as a whole), and the Primary Capital Notes which is material in the context of the exchange proposal and the offer to subscribe, that the information contained herein is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading.

2. No person has been authorised to give any information or to make any representation save as contained in this document in connection with the exchange proposal or the offer to subscribe (other than information and representations contained in notices to the Noteholders published by DnC) and, if given or made, such information or representation must not be relied upon as having been authorised by DnC. Neither the delivery of this document nor any sale made in connection with the issue of Primary Capital Notes shall, under any circumstances, create any implication that there has been no change in the affairs of DnC since the date of the letter above.

3. Application has been made to list the Primary Capital Notes on the Luxembourg Stock Exchange. In connection with the listing application, the legal notice relating to the issue of the Primary Capital Notes and copies of the Certificate of Registration and Articles of Association of DnC have been deposited with the Registrar of the District Court in Luxembourg ("Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg") where such documents may be examined and copies obtained. So long as the Primary Capital Notes are listed on the Luxembourg Stock Exchange, DnC will maintain a Paying Agent in Luxembourg.

4. Depending on the countries to whose tax jurisdiction holders are subject, a substitution of principal debtor in respect of the Primary Capital Notes as described in Appendix III may be regarded as a disposal for the purposes of taxation, and a liability to tax may be incurred.

5. The Inland Revenue has confirmed that the exchange of Notes for Primary Capital Notes will not give rise to United Kingdom tax on capital gains. The Primary Capital Notes will be regarded as the same asset, for the purposes of that tax, as the Notes. United Kingdom tax on capital gains may be payable on the receipt of payment in respect of the Credit Notes, depending on the personal circumstances of the holders. The exchange will not give rise to any Norwegian tax as regards Noteholders who are not otherwise subject to Norwegian taxes.

All Noteholders, wherever resident, are advised to consult their own advisers on the taxation implications for them of the exchange proposal.

6. DnC has obtained all governmental consents, approvals and authorisations required in Norway in connection with the issue of the Primary Capital Notes.

7. DnC has not entered into any underwriting arrangements in respect of any of the Primary Capital Notes.

8. The net proceeds from the offer to subscribe will be used in the general business of DnC.

9. There has been no material adverse change in the financial position of DnC since 31st December, 1984.

10. Neither DnC nor any of its subsidiaries is involved in any litigation or arbitration proceedings of material importance in the context of the issue of the Primary Capital Notes nor, as far as DnC is aware, are any such litigation or arbitration proceedings pending or threatened.

11. KMG Norsk Revisjon a.s. have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their report dated 4th October, 1985 in the form and context in which it is included.

12. Mr. R. G. Norton, a director of the Trustee, is also a partner in Slaughter and May, English solicitors to the Adviser on the Proposals.

13. Copies of the Trust Deed and the Agency Agreement (as defined in Appendix III) will be available for inspection at the specified offices of each of the Paying Agents during usual business hours, so long as any of the Primary Capital Notes is outstanding.

14. Copies of the latest Annual Report and Accounts and the latest Tertial Report may be obtained, and an English translation of the Certificate of Registration and Articles of Association of the Bank will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours so long as any of the Primary Capital Notes is outstanding.

APPENDIX VI

Notice of Meeting of Noteholders

The following is the text of the Notice of Meeting published by DnC on 4th October, 1985:—

Notice of Meeting

Notice is hereby given that a Meeting of the holders (the "Noteholders") of the U.S.\$150,000,000 Perpetual Floating Rate Subordinated Notes (the "Notes") of Den norske Creditbank ("DnC") which are constituted by a Trust Deed (the "Trust Deed") dated 15th November, 1984 and made between DnC (1) and The Law Debenture Trust Corporation p.l.c. (the "Trustee") (2) will be held at Nordic Bank House, 20 St. Dunstan's Hill, London E.C.3 on 1st November, 1985 at 11.30 a.m. (London time) for the purpose of considering and, if thought fit, passing the following extraordinary resolution in accordance with the provisions of the Trust Deed:—

Extraordinary Resolution

"That this Meeting of the holders of U.S.\$150,000,000 Perpetual Floating Rate Subordinated Notes (the "Notes") of Den norske Creditbank hereby sanctions the exchange of all of the Notes for U.S.\$150,000,000 Primary Capital Perpetual Floating Rate Notes and Credit Notes of Den norske Creditbank upon and subject to all the terms and conditions of the exchange proposal made by Den norske Creditbank in its Circular dated 4th October, 1985 to the holders of the Notes and assents to the implementation of such exchange proposal in accordance with its provisions and otherwise in accordance with the terms of the said Circular."

Dated 4th October, 1985

By order of

Den norske Creditbank

L. T. Løddesøl

To attend and vote at the Meeting, holders of Notes in bearer form must produce either their Notes or voting certificates. Such holders may also appoint proxies. To obtain a voting certificate or appoint a proxy, holders of bearer Notes must deposit their Notes at any time with (or to the order of) any Paying Agent not later than 48 hours before the time fixed for holding the Meeting but not thereafter.

Should a holder of Notes in bearer form not wish to be present in person, he may either deliver his voting certificate to the person he wishes to attend on his behalf or give voting instructions to the Paying Agent with which the relevant Notes are deposited at the time of such deposit, being not less than 48 hours before the time for the Meeting.

Holders of Notes in registered form may appoint proxies by executing and delivering a form of proxy in the English language (in a form available from the specified office of any Transfer Agent) to the specified office of a Paying Agent not later than 24 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution in the English language of their directors or other governing body.

REGISTERED OFFICE OF THE BANK

Kirkegaten 21,
0153 Oslo 1.

AUDITORS OF THE BANK

KMG Norsk Revisjon a.s.,
Rosenborggt, 19,
Postboks 5810,
Hegdehaugen, 0308 Oslo 3.

TRUSTEE FOR THE HOLDERS OF THE NOTES AND THE PRIMARY CAPITAL NOTES

The Law Debenture Trust Corporation p.l.c.,
Estates House,
66 Gresham Street,
London EC2V 7HX.

LEGAL ADVISERS

To Den norske Creditbank

in England

Linklaters & Paines,
Barrington House,
59-67 Gresham Street,
London EC2V 7JA.

in Norway

Finn Myhre,
General Counsel to
Den norske Creditbank,
Kirkegaten 21,
0153 Oslo 1.

To the Trustee and the Adviser on the Proposals

in England

Slaughter and May,
35 Basinghall Street,
London EC2V 5DB.

in Norway

Wiersholm, Bachke & Helliesen,
Munkedamsveien 3B,
0123 Oslo 1.

LISTING AGENT

Citicorp Bank (Luxembourg) S.A.,
16 Avenue Marie-Thérèse,
Luxembourg.

PRINCIPAL PAYING AGENT FOR THE NOTES AND THE PRIMARY CAPITAL NOTES

Citibank, N.A.,
Citibank House,
336 Strand,
London WC2R 1HB.

PAYING AGENTS FOR THE NOTES AND THE PRIMARY CAPITAL NOTES

Citibank, N.A.,
Avenue de Tervueren 249,
B-1150 Brussels.
Citicorp Bank (Luxembourg) S.A.,
16 Avenue Marie-Thérèse,
Luxembourg.

Citibank, N.A.,
Seestrasse 25,
Zürich 8022.
Citibank, N.A.,
111 Wall Street,
New York, N.Y. 10043.

REGISTRAR FOR THE NOTES AND THE PRIMARY CAPITAL NOTES

Citicorp Bank (Luxembourg) S.A.,
16 Avenue Marie-Thérèse,
Luxembourg.

TRANSFER AGENTS FOR THE NOTES AND THE PRIMARY CAPITAL NOTES

Citibank, N.A.,
Citibank House,
336 Strand,
London WC2R 1HB.

Citicorp Bank (Luxembourg) S.A.,
16 Avenue Marie-Thérèse,
Luxembourg.

REFERENCE AGENT

Citibank, N.A.,
Citibank House,
336 Strand,
London WC2R 1HB.

DnC